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THE ORGANIZATION OF THE COMMUNIST CAMP

By ZBIGNIEW K. BRZEZINSKI

THE Communist camp is composed of twelve states: the Soviet Union, China, Poland, Czechoslovakia, East Germany, Rumania, Hungary, Bulgaria, North Korea, North Vietnam, Albania, Mongolia. Jointly, the Communist-ruled states account for about 38 per cent of the world's population, 24.2 per cent of the world's area, and approximately one-third of the world's industrial output. During Stalin's lifetime the Communist bloc operated essentially through a relatively simple subordination of the various units to the dictator's will, generally expressed by indirect methods of police and party control. This somewhat informal organization reflected in part the old dictator's specific political style; in part it was a function of the relatively immature stage of the bloc's development. As a result, the "maturation" of the bloc coincided with the difficult post-Stalin period of transition within the USSR and was marked by major upheavals and tensions. By 1958-1959, however, the crisis had subsided, and a new and more complex image of the bloc became apparent. While the Soviet Union continued to exercise leadership, acknowledged at the November 1957 conference of the Communist parties and buttressed by Soviet international and technological prestige, the camp had developed more elaborate mechanisms and processes of cohesion that also contributed to its unity. Some of them dated back to the Stalinist days, but were now infused with new vitality. Others emerged during the post-Stalin phase.

For analytical purposes, these mechanisms are treated in this article under two general headings: formal institutional aspects, including the multilateral and bilateral framework of the camp; and the dynamic aspects, including the various processes of unity, such as party contacts, contributions to the inter-party ideological organ, patterns of trade, and cultural contacts. The focus of the study is on the organization of the camp, and not on the relations or conflicts within it.[1] A

[1] The article takes it for granted that the bloc depends on Soviet power for its unity, that Soviet primacy and military dominance are essential to its survival, and that a common ideology helps to maintain a sense of mutual purpose. It also takes for granted the fact that strains exist within the camp and that forces are at work which challenge its unity. With all these as given, the study seeks to describe and discuss the structure of the camp's unity, which is essential if common purposes and policies are to be positively articulated and executed.

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concise but inclusive treatment is provided of the various institutions and emerging processes that buttress and/or increase the political unity of the camp and organize the relations among its members. In the concluding pages, some of the broader implications of the changing character of the camp are discussed.

I. Formal Institutional Aspects

The formal institutional ties both for maintaining unity and for defining relations among the Communist states have become much more prominent since Stalin's death. They may be examined in terms of the following four general categories: multilateral ties, bilateral political treaties, bilateral economic agreements, and cultural pacts.

At the present time there is no multilateral party organization resembling the Comintern or the Cominform. These organizations, discredited by Stalinism, have not been resuscitated, although efforts have been made to replace them by frequent *ad hoc* multilateral meetings of party chiefs and by a theoretical inter-party journal, both of which are discussed in part II of this study. The two most important multilateral organs binding some of the Communist states together are the Warsaw Treaty Organization (WTO) and the Council for Economic Mutual Assistance (CEMA). There is, however, no organ officially including all the Communist states. It is symptomatic of the post-Stalin diversity in the orbit that efforts to create a new supra-party bloc organ were resisted by some of the leaderships in and out of the bloc, and that the unity of the bloc has had to be promoted through the utilization of institutions which existed prior to 1956. In recent years both the WTO and CEMA have increased in importance as agencies for the articulation of common purposes and for the isolation and eventual subordination of those Communist leaders who were suspect of being unduly influenced by their own national perspective in the shaping of policy.

The WTO is both a political and a military organization. Established formally on May 14, 1955, under the Treaty of Friendship, Cooperation, and Mutual Assistance, it is composed of eight of the twelve Communist States, with China "associated" but not a member, and North Korea, North Vietnam, and Mongolia remaining outside of the pact. It is thus primarily a European organization, serving externally as a counter to NATO, internally as the formal device for the perpetuation of close ties between the Soviet Union and its European satellites. In fact, to this day it constitutes the single most im-

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portant formal commitment binding the European Communist states to the USSR, officially limiting their scope for independent action by precluding their participation in other alliance systems (Art. 7).

The founding meeting of the WTO provided for a Political Consultative Committee which was empowered to establish supplementary multilateral organs. The Committee exercised this power in its January 1956 Prague meeting by setting up a regular secretariat, with representatives from member states, and a standing commission for foreign policy co-ordination.[2] The meeting also decided that the Committee was to meet not less than twice yearly. However, when Khrushchev addressed the next consecutive meeting, he had to concede that "more than two years have passed since the Political Consultative Committee last met in Prague in 1956."[3] Since the Committee did not convene again until February 1960, it appears that the 1956 decision has lapsed. Two hypothetical explanations may account for this: the resistance of the Poles to such meetings; or (what is more likely, since the Poles could hardly prevent them) the unwillingness of the Soviet Union to push the development of the WTO too far lest it become a genuine consultative organ.

At the present time, meetings of the Political Consultative Committee serve primarily as forums for the articulation of a common stand on important international issues and, in effect, for implicitly delegating the USSR to be the spokesman of the bloc in dealing with the West.[4] The May 1958 session was primarily devoted to an analysis of the international situation, with special emphasis on the program which the Soviet leaders would submit at a summit meeting with the Western powers. Particular stress was put on troop reductions within the bloc as proof of the bloc's stability and peaceful intentions. The 1960 meeting in effect served to endorse the position which the Soviet leadership was to adopt at the expected May 1960 summit meeting, with the only discordant note coming from the Chinese observer, who attended the meetings in keeping with China's status as "associated" with the WTO (see part II).

Judging from the three sessions—the second and third lasting merely one day—it appears that the Political Consultative Committee does not serve as an active policy-making agency, comparable to some of the multilateral meetings of party chiefs, noted in part II. The

[2] *Izvestia*, January 29, 1956.
[3] *Izvestia*, May 27, 1958.
[4] This does not, however, exclude a certain division of labor in dealing with the outside world: e.g., the Polish initiative in the form of the Rapacki Plan; the East German scheme for a Baltic Peace Zone; the Rumanian-Bulgarian plan for a Balkan treaty, etc.

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political importance of the WTO is that (1) it provides a formal framework binding the various states together, (2) supplies the juridical basis for limiting the exercise of their sovereignty, and (3) serves as a useful forum for the articulation of unanimity, expressing ritualistically the bloc's support of Soviet foreign policy initiatives. It is significant that one of the charges most often cited against Imre Nagy was that he violated the unity of the bloc through his unilateral decision to leave the Warsaw Pact.

The essentially static, restrictive function of the WTO is evident also in its military aspects. The original agreement provided for a Unified Command of the armed forces of the signatories, and, indeed, the signing of the treaty was followed immediately by a communiqué announcing that a joint command had been set up. Soviet Marshal I. S. Konev was appointed commander-in-chief, another Soviet officer became joint chief of staff, and the command headquarters was to be situated in Moscow. Defense Ministers of the participating states have attended ostentatiously the three sessions of the Political Consultative Committee and Marshal Konev (recently replaced by Marshal Grechko) delivered reports to these sessions on the military situation. Probably some strategic "division of labor" has also been made. However, to the extent that it can be determined, this exhausts the military aspects of the WTO. The international military command has not been set up. The various states have not delegated their ranking officers to serve on it, nor have liaison officers been appointed. In this case, the Soviet Union's fear of arousing new anti-Soviet sentiments was combined with its desire not to share Soviet military secrets with its allies. Since the uprisings of 1956, the stationing of Soviet troops in East Europe has been regularized by bilateral agreements which used the Warsaw Treaty as their point of reference (see below), but they could have easily been concluded independently of such a treaty.

A much more active, positive role is played by the multilateral Council for Economic Mutual Assistance (CEMA), originally set up in January 1949, but activated only after Stalin's death, and particularly after the disruptive events of October-November 1956. The founding members were the USSR, Poland, Czechoslovakia, Hungary, Rumania, and Bulgaria. Subsequently they were joined by East Germany and Albania. These states together have about 300 million inhabitants, or 11 per cent of the world's population. They cover about 17 per cent of the world's surface and produce nearly 30 per cent of the world's industrial output. Although not members, China, Mongolia, North Korea, and North Vietnam have in recent years been sending

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observers to the Council's sessions.[5] In its initial stage, CEMA resembled the Warsaw Pact: primarily restrictive in purpose, it was designed to keep the European Communist states out of the Marshall Plan.[6] Following its founding session, CEMA held only two more plenary meetings during Stalin's lifetime: one in August 1949 and a secret session, presumably sometime after the outbreak of the Korean War. During this early period, the organization concentrated primarily on redirecting the trade of its members toward each other and it may be surmised that it co-ordinated the development of their armaments industries during the Korean War. After Stalin's death, plenary sessions became more regular and increasingly more important. At first primarily formal gatherings, they gradually developed into working sessions at which common decisions were formulated.[7]

Formally, all members of CEMA are equal and all decisions must be unanimous. This provision, however, is meaningless if the relative economic strengths of the various participants are considered. Indeed, given the often conflicting interests of the various members, it is difficult to conceive how CEMA could operate if this provision were adhered to rigidly. The preponderant economic superiority of the Soviet Union in all instances serves as the determining factor, although this does not mean that the Council is merely a rubber stamp. On such issues as Polish coal, specialization, and prices, vigorous disputes have developed. Formally, the decisions of CEMA are not binding until approved by subsequent bilateral or multilateral formal agreements between the parties involved.

The steady growth of CEMA's bureaucratic machinery has been a concomitant of its increasingly active integrative role. It is headed by a permanent secretariat, located in Moscow, currently directed by a Soviet chairman and Polish and Czech deputy chairmen, with representatives from each of the participating states. The secretariat is

[5] China since 1956; North Korea since 1957; North Vietnam and Mongolia since 1958. See the excellent treatment, "The Role of the Comecon," *East Europe* (New York), VIII, No. 11 (November 1959), pp. 3-11, which describes more fully the operations and organization of CEMA.

[6] See Imre Nagy, *On Communism*, New York, 1957, p. 189, for a concise statement of the essentially negative role of CEMA.

[7] For a description of the CEMA organization and a discussion of its operation, see *East Europe*, VI, No. 11 (November 1957), and IX, No. 4 (April 1960). See also *Voprosy vneshnei politiki stran sotsialisticheskogo lageriia*, Moscow, 1958, pp. 21-23 (hereafter cited as *Voprosy vneshnei politiki*). The December 1959 CEMA meeting took the important formal step of adopting a Charter and a Convention on Competence, Privileges, and Immunities, which was said to contain "provisions that are generally accepted in international practice." For fuller treatment, see *Vneshanaia torgovlia* (Moscow), No. 2 (February 1960).

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paralleled by a conference of deputies whose task is to maintain consultation among the member states while the Council is not in session. The sessions of the Council rotate among the capitals of the participating Communist states, to underline the equality of CEMA's members. In addition, there are thirteen permanent, specialized, multilateral commissions, each for a major branch of the economy (subdivided into even more specialized subcommissions) and each located in the capital of the country with the predominant interest in that particular branch.[8] On an average, the commissions meet approximately twice a year.

At the present time, CEMA is doubtless the single most important organ for actively shaping policies designed to promote the camp's unity.[9] In the difficult post-1956 period, it provided a sorely needed forum for multilateral consultation from which the Poles could not absent themselves,[10] and in the subsequent period of stabilization it has been the source of numerous policies designed to mold a "world socialist market" as the basis for the camp's political and ideological unity.[11] Khrushchev underlined the importance attached to this work

[8] Although ostensibly an international organization open to other nations, CEMA operations are shrouded in secrecy. On a recent trip to the bloc, this writer was denied permission to visit its Moscow offices, while Sofia officials even denied the existence of a CEMA commission in Sofia. For a list of these commissions, see *East Europe*, IX, No. 4 (April 1960), p. 4. For a somewhat more recent treatment, see *Tygodnik Powszechny* (Krakow), February 28, 1960. For an interesting account of the operations of one such commission, see I. Pramov, "For some results of co-operation in the field of rural economy between the countries participating in the Council of Economic Mutual Assistance," *Mezhdunarodnyi Sel'skokhoziaistvennyi Zhurnal* (Sofia), No. 4 (1958).

[9] This is openly admitted by Communist commentators—e.g., V. Kaigl, "Co-operation with the countries of the socialist camp is one of the main conditions for the completion of socialist building of the CSR," *Nova Mysl* (Prague), June 1958, who says: "Apart from political and ideological aspects, economic shortcomings helped to a considerable degree in the upsurge of bourgeois nationalism and revisionism in the fall of 1956. Following these experiences, the Communist and worker's parties in the member states of the Council drew the only right conclusion, namely, to strengthen the unity of the socialist camp *through increased economic unity*, and through a higher standard of its planning. The Council of Mutual Economic Assistance decided at its eighth planning session in June 1957 to work out co-ordinated, long-term plans for the development of national economies of the member states covering the period until 1975. The foundation of this co-ordination is to be the mutually heightened approved specialization of the individual countries which would make them into a *truly homogeneous, economic unit*" (italics added).

[10] See my study, *The Soviet Bloc: Unity and Conflict*, Cambridge, Mass., 1960, chap. 12.

[11] E.g., a multilateral payment scheme was set up in 1959, plans were developed for statistical analyses of national incomes, the problem of pricing was tackled, etc. For more detailed treatment, see A. Zauberman, "Economic Integration: Problems and Prospects," *Problems of Communism* (July-August 1959); H. Mendershausen, "Terms of Trade Between the Soviet Union and Smaller Communist Countries, 1955-1957," *Review of Economics and Statistics*, XLI, No. 2 (May 1959), pp. 106-18; O. Hoeffding, *Recent Efforts Toward Coordinated Economic Planning in the Soviet Bloc*, The RAND

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when he remarked that "Extensive co-operation in all spheres of economic, social, political, and cultural life is developing among the sovereign countries of the socialist camp. Speaking of the future, it seems to me that the further development of the socialist countries will in all probability proceed along the lines of consolidation of the single-world socialist economic system. The economic barriers which divided our countries under capitalism will fall one after another. The common economic basis of world socialism will grow stronger, eventually making the question of borders a pointless one."[12]

Two other multilateral bloc organizations should be briefly mentioned. The first of these is the Danube Commission set up in August 1948,[13] which includes the Soviet Union, Bulgaria, Czechoslovakia, Hungary, Rumania, and Yugoslavia. Its purpose is to ensure normal navigation on the Danube as an international waterway. The Paris peace conference of 1946 provided for such an organization, but the United States, the United Kingdom, and France refused to sign the August 1948 agreement on the grounds that it violated the provisions and intentions of the Paris agreement. The Danube Commission held its first session in November 1949 and since then has met twice a year, usually in June and December—failing, however, to meet in December 1956. Since the Commission from the very start contained a participant from outside the bloc, it cannot be viewed as primarily an institution for the promotion of the bloc's political unity. However, during the Stalinist phase it did serve, under Soviet directorship, as an agency for the promotion of Soviet bloc objectives in the campaign against Yugoslavia. (The May-June 1951 and the December 1952 sessions were preoccupied with mutual recriminations.) A major change took place shortly after Stalin's death: the Soviets manifested

Corporation, 1959; and S. J. Zyzniewski, "Economic Perspectives in Eastern Europe," *Political Science Quarterly*, LXXVI, No. 2 (June 1960), pp. 201-28. That the problem of pricing has been a source of major difficulty in interbloc planning has been openly admitted by Communist economists. See, for instance, M. Cizkovsky, "A New Stage in the Cooperation Between the Countries of the Socialist Camp," *Rude Pravo* (Prague), March 5, 1959; or V. Ciernansky, "Prices in Trading with Foreign Countries," *Predvoj* (Prague), June 11, 1959; or *Voprosy ekonomiki*, No. 2 (1960), for a discussion of the prevailing pricing system within the bloc. The most recent CEMA venture is a huge oil pipeline, linking the oilfields of the middle Volga basin to Poland, East Germany, Czechoslovakia, and Hungary. Construction began in the summer of 1960 and is to be finished in 1963.

[12] *Pravda*, March 27, 1959. Presumably a further step in that direction would involve the co-ordination of investment policies of the member states. See Gomulka's criticisms of CEMA's failure to do so in *Trybuna Ludu* (Warsaw), June 21, 1960.

[13] *Izvestia*, August 19, 1948. For a recent discussion, see David T. Cattell, "The Politics of the Danube Commission under Soviet Control." *American Slavic and East European Review*, XIX, No. 3 (October 1960), pp. 380-95.

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an increasing willingness to pass control over to the Danubian powers; also, since June 1956 the European Economic Commission has been participating in the sessions as an observer, and since June 1957 both Austria and the German Federal Republic have attended as experts. As a result, the Danubian Commission has increasingly become an international technical agency, not restricted to the camp alone. Its technical character makes it similar to such organizations as, for instance, the Organization of Co-operation of the Socialist Countries in the field of communications, set up on Soviet initiative by the 1957 conference of ministers of communications of all the "socialist" countries.[14]

The other multilateral Communist organization to be noted here is the Institute for Nuclear Research set up in March 1956. In part, its establishment reflected the internal pressures on the Soviet Union to share its nuclear monopoly with its allies. The original founding agreement was signed by all the Communist states save North Vietnam, which joined in September of the same year. The agreement appears to have been the outgrowth of the Soviet decision of January 7, 1955,[15] to undertake collaborative research efforts with China, Poland, Czechoslovakia, Rumania, and East Germany, countries which supplied the USSR with uranium and which could be expected to entertain scientific ambitions. Curiously, however, Hungary did not appear on the list, even though it was known to be an extractor of uranium. The January 1955 decision was followed by a series of bilateral agreements concluded by the USSR and the aforementioned states in April 1955, providing for the supply to these states of limited quantities of fissionable material, experimental accelerators, and atomic piles, relevant equipment, and documentation.[16] This was followed shortly by an identical agreement with Hungary in June 1955. (Possibly Nagy's fall from power eliminated doubts that might have existed earlier in Moscow.)

The preceding agreement laid the basis for the March 1956 conference of eleven Communist states which resulted in the creation of the Joint Institute for Nuclear Research. The Institute was located at Dubno, just north of Moscow; it was to be headed by a director and two assistant directors. In practice, the former has always been a Soviet scientist, while the latter have represented the participating

[14] *Svet Sovietu* (Prague), No. 24 (1959).
[15] *Pravda*, January 8, 1955.
[16] The agreements are listed in R. Slusser and J. Triska, *A Calendar of Soviet Treaties, 1917-1957*, Stanford, 1959, pp. 326-27. For fuller treatment, see George Modelski, *Atomic Energy in the Communist Bloc*, New York, 1959.

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states. Dues for the maintenance of the Institute were apportioned among the participating states on a graduated basis. The Institute was subdivided into specialized laboratories, each apparently also headed by a Soviet scientist. Thus, by and large, effective Soviet control has been maintained even though the Soviet Union did meet at least part way the desire of the other bloc members to share in nuclear development and to acquire the basis for training cadres of their own. Over 100 non-Soviet scientific workers were said to be working in Dubno in 1959, with the Czechs being the most numerous.[17] The Institute as a multinational organization can be seen as combining elements of control with some adjustment to the demands of the members of the bloc.

This multilateral framework is buttressed by a web of bilateral agreements. Of these, the most important are the friendship and mutual aid agreements. They are usually directed against a specific outside threat—either Germany or Japan, and their possible allies—and they contain pledges of mutual support. In that sense, an effort is made to relate the alliance to a concrete danger, activating deeply felt anti-German or anti-Japanese popular feelings existing within some of the Communist-ruled states. However, it would be specious to argue that a treaty of friendship and mutual assistance between, let us say, Rumania and the Soviet Union represents a meaningful partnership. Rather, the treaty is essentially a cloak for a relationship of political subservience, with the juridical fiction of equality serving both to mask this relationship and to perpetuate it.[18] Quite another matter is the Soviet-Chinese treaty of alliance. Here, the two contracting partners have in effect formalized a relationship of alliance and have expressed it in terms which impose meaningful obligations on both sides.

The Soviet Union has entered into friendship and mutual aid treaties with all but three of the Communist states—East Germany, North Vietnam, and North Korea, all divided nations. It seems likely that the Soviet Union does not wish to create a juridical situation which could impede the unification of these nations under Communist auspices, and premature ties might possibly constitute such an impedi-

[17] V. Svanev, "Science and Technology in the Multi-national Family of Scientists," *Pravda* (Bratislava), January 10, 1959.

[18] For a fuller discussion, see P. S. Wandycz, "The Soviet System of Alliances in East Central Europe," *Journal of Central European Affairs*, XVI, No. 2 (July 1956), pp. 177-84; E. Korovin, *Nerushimaia druzhba narodov SSSR i narodno-demokraticheskikh stran*, Moscow, 1955; *Voprosy vneshnei politiki, op.cit.*: and Brzezinski, *The Soviet Bloc, op.cit.*, for listings with dates.

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ment. Furthermore, in the past at least, the Soviet Union may have considered the possibility that ties of alliance could involve the Soviet Union in local conflicts which might easily erupt (or be provoked) between the opposing sides of the divided nations. However, it is likely that in the foreseeable future the Soviet Union will conclude treaties with these states so as to eliminate an anomalous distinction between them and the other members of the camp, a distinction increasingly less necessary with the apparent consolidation of the outer limits of the camp. East German membership in the WTO and attendance of its sessions by North Vietnamese and North Korean observers would seem to augur this. At this stage, the East European states, while bound to one another by treaties of mutual aid and friendship, do not have such treaties with any of the Asian states; rather, the expedient of the vaguer friendship and co-operation treaty has been used. Symptomatic of certain political affinities noted in part II, China has concluded such friendship and co-operation agreements only with East Germany (December 25, 1955) and Czechoslovakia (March 27, 1957).[19]

All of the mutual aid treaties were concluded by 1950—i.e., in Stalin's lifetime. It is noteworthy that the treaties did not provide a juridical basis for the stationing of Soviet troops on the territory of the members of the camp. A provision for Soviet bases abroad was contained in the multilateral WTO, and even that agreement was very general in its wording. In a way, therefore, the most substantive bilateral political agreements concluded among the Communist states were those which for the first time formalized and rendered explicit the basis for the presence of Soviet troops on the soil of the other Communist-ruled states.

The model for such agreements was the Polish-Soviet treaty of December 17, 1956 (ratified by both parties in February 1957), concerning the status of Soviet troops "temporarily" stationed in Poland. This treaty reflected the new situation created by the changes that took place in Poland in October 1956, and was designed to meet long-standing Polish grievances. The political foundation for it was laid by the agreement reached by the Soviet and Polish government and party leaders in a conference held in Moscow in mid-November, and expressed by the joint declaration of November 18, alleviating many

[19] Czechoslovakia also concluded such a treaty with Outer Mongolia on April 9, 1957. I am indebted to Dr. Tao-tai Hsia of the Library of Congress for the information about China. Chinese sources include *Chung hua jen min kung ho kuo t'iao yueh chi* (Ministry of Foreign Affairs, Peking), Vols. I-VIII, 1949-1959; *Jen min shou ts'e* (Peking), 1955-1959.

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past Soviet abuses and explicitly defining the principles which govern the status of Soviet troops in Poland. The declaration imposed severe restrictions on any unilateral Soviet activity, explicitly prohibited the use of Soviet troops for political purposes in Poland, enjoined the Soviet command to co-ordinate their disposal, transportation, and numbers with the wishes of the Polish government, and made their personnel and dependents subject to Polish law. These provisions were reaffirmed in the formal treaty and a mixed Polish-Soviet commission was established to settle any disputes that may arise.[20]

The Soviet-Polish treaty, while perpetuating Soviet military presence in Poland, marked a definite step forward for Poland and the negotiation of this treaty did involve a measure of bargaining and definite Soviet concessions. Even the subsequent consolidation of Soviet influence within the bloc, which necessarily gave the Soviet Union new opportunities for exerting pressures (any formal limitations notwithstanding), did not undo this arrangement. Furthermore, the concessions won by Poland could not be denied to the other, more loyal Communist states. As a result, a mere three weeks after the signing of the Polish-Soviet treaty, a Soviet-East German declaration (of January 7, 1957) announced that a formal agreement regularizing the presence of Soviet troops on German soil would soon be concluded. Such an arrangement had been prefigured by the Soviet-East German treaty of September 20, 1955, defining the relations between the two countries, and granting East Germany "full freedom" as a sovereign state. However, it seems clear that it was the change in Soviet-Polish relations which prompted the execution of this commitment, and on March 12, 1957, a formal agreement was signed between the USSR and the DDR (East Germany), regularizing the presence of Soviet troops in East Germany.[21] Similar agreements were concluded shortly thereafter with Hungary (the March 28, 1957, joint Soviet-Hungarian political declaration laid the basis for it, and the formal agreement was signed on May 27, 1957),[22] and with Rumania on April 15, 1957.[23] The Rumanian and Hungarian agreements were similar to the one concluded with Poland, except that they did not cede control to these states over entry and exit of Soviet forces. The agreement with East Germany was even more restricted, in that it did not involve the restrictions cited in the Polish case, although asserting East German "sovereignty." The greater concessions made to the Poles

[20] See *Pravda*, November 19, 1956; *ibid.*, December 18, 1956.
[21] *Izvestia*, March 14, 1957.
[22] *Ibid.*, May 28, 1957.
[23] *Ibid.*, April 17, 1957.

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reflected the relatively involuntary character of the Soviet adjustments.

Insofar as Poland and Hungary are concerned, the joint Polish-Soviet and Hungarian-Soviet governmental and party declarations of November 18, 1956, and March 28, 1957, respectively, represent the most important bilateral agreements concluded within the bloc. The first of these made it possible for the Polish Communist leadership to remain within the bloc while pursuing policies of relative domestic autonomy, some of which were at the time obviously displeasing to the Soviets. Nonetheless, the granting of compensation for past Soviet economic exploitation, the withdrawal of Soviet overseers from Poland, the acceptance by the Soviets of the Gomulka regime, and the restrictions imposed on the Soviet troops in Poland all were substantive measures designed to normalize and improve Polish-Soviet Communist relations.[24] In the case of Hungary, the March 28 declaration was also designed to improve Soviet-Hungarian relations and involved economic concessions and promises of aid. However, unlike the Polish case, the declaration was much more a unilateral effort on the part of the Soviet government to improve the domestic position of a satellite regime recently imposed on the population by the force of Soviet arms, than an agreement between two states. Nonetheless, it did involve a step forward for the Hungarians as well, especially when compared with the earlier period. Generally speaking, the agreements subsequent to October-November 1956 can be seen as reflecting a recognition on the part of the Soviet leaders of the need to regularize the semi-colonial pattern of relations prevailing between the Soviet Union and most of the other Communist states. An expression of this recognition was the declaration issued by the Soviet Union (and prompted directly by the Hungarian revolution) on October 30, 1956, promising to liquidate the most obnoxious aspects of the Stalinist pattern of Soviet-satellite relations.[25]

Bilateral trade treaties also serve to unify the camp and are meant to create a common and enduring interest in its preservation. Since about 1957 these treaties have been designed to express in more detail and in a binding manner the recommendations of CEMA. Given overall state control of the economy, such treaties govern the totality of trade among its members, and since most of the foreign trade of the Communist states takes place within the camp (see Table 6, part II), these agreements have an important bearing on the future livelihood and development of the signators. In recent years, there has been

[24] For extended treatment, see Brzezinski, *The Soviet Bloc, op.cit.*
[25] See *Pravda*, October 31, 1956.

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a veritable flood of statistics on the volume, composition, direction, etc., of trade between and among the Communist states, and there have been many valuable discussions of the degree of discrimination practiced by the Soviet Union against its weaker neighbors. There can be no doubt that such relations in the past did favor the Soviet Union and there is some evidence that they continue to do so. However, since 1956, the Soviet Union has become more actively engaged in issuing credit to the bloc states, and this has offset some of the still-prevailing discrimination and, at the same time, has constituted an important bond.[26] There is no need to cover the same ground here. Insofar as the trade agreements are concerned, it should be noted that they are usually concluded for relatively long-term periods, varying from two to seven years. In the early stages of the bloc, annual trade agreements were favored, since long-term planning co-ordination had not yet been effected.[27]

The long-term agreements include a protocol valid for one year, providing a much more detailed breakdown of items to be traded. The protocol is usually renegotiated for subsequent single years and sometimes a price adjustment is made. In some cases, the agreements also outline a longer-range "perspective," sketching out the anticipated volume of trade over a longer period than the actual agreement; on occasions the agreements envisage co-ordination of capital investment and co-operation in production, as well as credits.[28] This enables the contracting parties to plan several years ahead and to remain reasonably confident both of their supply and of their external markets. This is particularly important to states, like Poland, which are just developing certain branches of their industry—for instance, ship-building—and which would find it difficult to compete on the

[26] See Mendershausen, *op.cit.*; Hoeffding, *op.cit.*; Zauberman, *op.cit*; J. Wszelaki, *Communist Economic Strategy: The Role of East Central Europe*, Washington, D.C., 1959. For some figures concerning Soviet credit in the crisis period of 1956-1957, see M. Choluj, "Soviet Credit Aid to Socialist Countries," *Predvoj* (Prague), November 7, 1957, in which the figure of 5,776 million rubles is cited as being granted to Eastern Europe by the Soviet Union between December 1955 and February 1957, 58 per cent of which went to Poland, Hungary, and Yugoslavia. *Vneshnaia torgovlia* has also provided some data.

[27] See G. Radulescu, "Ten Years of Comecon Activity," *Rominia Libera*, April 29, 1959, for a partial list of long-term Rumanian agreements; *Izvestia*, November 20, 1955, for aspects of Soviet-Mongolian agreements of 1950-1954 and 1955-1957. See also Slusser and Triska, *op.cit.*, for list of Soviet trade agreements; and J. Dolina, "Poland's Foreign Trade Agreements," *Polish Review* (New York), Autumn 1956 and Winter-Spring 1958, for the most complete listing, including brief statements of major provisions.

[28] E.g., the Czech-Polish agreement for 1961-1965, signed May 17, 1958; see *Rude Pravo*, May 15, 1958. For Soviet-Czech agreements, see *Pravda*, January 15, 1957, and October 16, 1958; and *Izvestia*, March 7, 1959.

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world market against the more advanced industrial states. However, at the same time the dependence of the more industrially developed Communist states (Czechoslovakia and East Germany) on Soviet supplies of raw materials, and of the less developed states (e.g., China) on Soviet machinery, is even further intensified by such long-term commitments.[29] A corollary of these trade agreements is an extensive exchange of scientific knowledge and scientific cadres,[30] and numerous bilateral arrangements between the various national institutes and academies as well as the bilateral commissions for scientific-technical collaboration established not only between the Soviet Union and the other Communist states, but among the People's Democracies as well.

The final link in the formal web of ties that deserves brief mention is provided by the cultural agreements concluded between the Communist states. Since art, culture, and science are subject to state control under the Communist system, all cultural contacts between the various members of the camp must be regulated through official and formal channels. During Stalin's lifetime, however, such contacts were very much limited and only began to develop with the gradual lifting of the internal iron curtains by which the old dictator had isolated each Communist state. Thus, although European Communist states concluded cultural collaboration treaties with one another and also with China quite early in the history of the bloc (1947-1948, except for China and East Germany, which concluded such treaties in 1951 and 1952, respectively), cultural contacts remained essentially dormant until the middle 1950's.[31]

The Soviet Union displayed ostentatious contempt for such arrangements, and refrained (with only one exception[32]) from concluding such cultural collaboration agreements until the mid-1950's. This abstinence, however, did not prevent the Soviet Union from conclud-

[29] A good example of this dependence was provided by the panic caused in these capitals by the recent and unconfirmed report to the effect that the Soviet Union would severely cut down its delivery of raw materials to Poland, East Germany, and Czechoslovakia in 1965 (see *New York Times*, April 4, 1960, for a report from Warsaw that at the February 1960 CEMA meeting, the Soviet Union indicated that it no longer wished to deliver unprocessed raw materials).

[30] For statistics, see N. I. Ivanov, *Razvitie ekonomicheskikh sviazei evropeiskikh stran narodnoi demokratii*, Moscow, 1959 (hereafter cited as *Razvitie*).

[31] For instance, when the vice-president of the Rumanian Institute for Cultural Relations with Foreign Countries contributed a commemorative article to a Polish newspaper on the occasion of the tenth anniversary of Rumanian-Polish cultural relations, everything he cited dated back to the pre-1939 period (O. Livezeau, "Ten Years of Co-operation," *Zycie Warszawy*, February 28, 1958; see also Imre Nagy, *op.cit.*, p. 240).

[32] Mongolia, agreement of February 27, 1946.

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ing a whole series of limited agreements with the members of the bloc, providing for the training of their citizens in Soviet institutions of higher learning, for "co-operation" in radio programing and subsequently also in television, and finally for collaboration between their respective Academies of Science. It was only in the wake of the attack on Stalin and within the context of very hurried efforts to improve and normalize Soviet relations that the Soviet Union concluded cultural collaboration agreements with all the Communist states.[33] These agreements provided for expanded contacts in education, art, music, literature, the theater, films, press, radio, television, sports, and even tourism. In effect, they were meant to establish a broad social basis for contacts with "the first country of socialism," hitherto sealed off hermetically. In all but four cases, the agreements were to run for five years; in the case of Mongolia, half-absorbed by the USSR, and of Soviet-controlled Korea and what was still Rakosi's Hungary, they covered ten years; and in the case of Vietnam, only three. In an effort to remove obvious discrimination, in the course of 1956-1957 the Soviet Union set up friendship societies with China, Bulgaria, etc., to match analogous friendship societies with the Soviet Union which had existed in the other states since the late 1940's. During 1957-1958 friendship societies also were established among all the Communist states.

The fact that these formal institutional aspects have in the majority of cases been developed or given substance in the post-Stalin phase of the camp's history is not without meaning. It would seem to suggest that these various devices, in spite of their original propagandistic purposes, have become more important to the Communist, and particularly the Soviet, leaders as instruments for the preservation and expression of their camp's unity. Indeed, as if to underscore this development, the old word "camp" (*lager* in Russian) now has a new equivalent: *sodruzhestvo* or, roughly, "commonwealth."[34] This

[33] At the same time the Soviet Union hastened to return to some of the European Communist-ruled states a portion of the art treasures which it had seized in the course of various hostilities. For instance, on June 12, 1956, *Pravda* announced that the Soviet government was returning to Rumania art treasures held in the USSR since World War I; on July 8, 1956, *Izvestia* announced the return of Polish art treasures, seized by the USSR during World War II. Insofar as cultural co-operation agreements are concerned, they were signed in the following sequence: with Rumania—April 7, 1956; East Germany—April 26; Bulgaria—April 28; Albania—May 3; Hungary—June 28; Poland—June 30; China—July 5; North Korea—September 5; Czechoslovakia—January 12, 1957; North Vietnam—February 15, 1957; also a renewal of the ten-year agreement with Mongolia on April 24, 1956.

[34] See Kurt L. London, "The 'Socialist Commonwealth of Nations,'" *Orbis*, III, No. 4 (Winter 1960), pp. 424-42, for a detailed analytical treatment of the origins of the new term and of its broader implications.

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in itself suggests a degree of maturation within the bloc, its growth from a relatively simple, informal combination of personal dictatorship and "big nation" imperialism, to a more complex pattern which preserves the privileged position of the dominant state but expresses this relationship through a more formal institutionalized set of arrangements.

II. Dynamic Aspects

The formal institutional aspects provide a broad framework for the organization of the unity of the Communist camp. This unity, however, is given content by the continuous interaction of its members, resolving conflicts, shaping policies, developing close trade contacts, engaging in exchanges and, of course, responding to the demands of the camp's most powerful state. This section will consider the various forms which these processes of unity take within the camp, often revealing the degree of cohesion that exists between the various groups of member states. Again, it is to be noted, Soviet power, the dependence of most of these states on the USSR, and the common ideological outlook of their regimes are taken for granted.

The most important dynamic aspect of the camp's unity is provided by frequent contacts between the top leaders of the various ruling parties. This practice is a relatively recent development and involves an important change in the political style of the bloc.[35] During Stalin's domination, contacts between party leaders were rare and usually involved bilateral dealings with the Soviet leaders. In recent years, however, and particularly since October-November 1956 (which can be considered as a sort of watershed in the bloc's history), relatively frequent bilateral and multilateral consultations between the party leaders have taken place. Even more important, Soviet leaders journey frequently to the other Communist states and necessarily have become much more conscious of the problems that the other ruling parties face. While not all of these meetings are of actual policy-making importance, they do help to keep the various party leaders better informed about current difficulties and they invariably involve a measure of discussion. Since at such meetings the Soviet leadership can muster the overwhelming support of the other regimes, the multilateral meeting is a useful forum for articulating common principles and for forcing recalcitrant parties (until about 1958, the Polish;

[35] A recent Soviet volume devoted to the foreign policy of the bloc (*Voprosy vneshnei politiki, op.cit.*) states: "A form of developing and tightening the unity of the socialist nations, in addition to concluding bilateral and multilateral agreements, are the meetings and the consultations between the leaders of the socialist countries" (p. 9).

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more recently, the Chinese) into declarations of unity. The most recent example of this was provided during the Rumanian Party Congress in June 1960, when the Chinese were in effect faced with the choice of endorsing the Soviet line or being isolated through open disagreement.

The most important policy meetings—i.e., meetings at which positions and principles were actually hammered out—took place in the wake of the 1956 crisis. These involved, as already noted, many Polish-Soviet meetings, meetings between the Chinese and the various ruling European parties, meetings between the more orthodox ruling parties, such as the East German, Czechoslovak, and Bulgarian, and multilateral conferences initiated by the November 1957 Moscow meeting. The relative surface stabilization of the bloc during 1958-1960 did not diminish the policy importance of subsequent party meetings, and certainly not their informational-declarative value. Soviet-Chinese and Soviet-Polish meetings in 1958 and 1959 dealt with (not merely dictated) important domestic and external issues, while meetings of leaders of the other ruling parties among themselves and with the Soviets and the Chinese defined common stands on such issues as revisionism, collectivization, and foreign policy matters. The party congresses held in the USSR, East Germany, Bulgaria, Poland, Hungary, and Czechoslovakia, as well as the Chinese tenth-anniversary celebration, also created opportunities for frequent top-level multilateral meetings. In addition, as noted earlier, the Communist chiefs were brought together on the occasion of some of the CEMA and WTO sessions. All of these multilateral meetings took place after the November 1957 meeting, which overcame the Polish objections to multilateral gatherings.[36]

Tables 1 and 2 indicate the pattern and the intensity of party meetings at the Politburo level within the bloc. A few observations derived from them might be relevant here. Until the November 1957 Moscow meeting, the top CPSU leaders did not engage in extensive travels, but instead played host to frequent delegations from abroad. (It is to be remembered that during this period there was an intense conflict within the Soviet leadership.) At that time Moscow was visited by the top leaders of every Communist state, with some of them coming several times: Kadar three times, Gomulka twice, Zhivkov

[36] In the period November 1957-March 1960 there appear to have been no less than ten multilateral meetings attended either by the first secretaries and/or Politburo members of the ruling parties, not counting the two more restricted top-level multilateral meetings in January 1957 (the five-party meeting in Budapest, and the Soviet-Chinese-Hungarian meeting in Moscow).

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TABLE 1. POLITBURO-LEVEL MULTILATERAL AND BILATERAL MEETINGS OF DELEGATIONS IN THE PERIODS NOVEMBER 1956-NOVEMBER 1957 AND 1958-1959*

COUNTRY VISITED: READ ACROSS	COUNTRY MAKING THE VISITS: READ DOWN							
	USSR	CHINA	POLAND	CZECH.	E. GERMANY	RUMANIA	HUNGARY	BULGARIA
USSR		5—3	5—5	3—5	2—5	2—4	5—4	3—5
China	2—2		1—1	1—1	0—2	0—1	0—2	1—1
Poland	0—5	1—1		0—1	1—2	0—1	0—2	0—2
Czecho-slovakia	1—1	1—1	1—1		1—2	0—2	0—2	1—2
E. Germany	2—2	1—1	1—1	1—2		1—1	0—3	0—2
Rumania	0—1	1—0	0—1	1—0	—		0—1	1—0
Hungary	1—3	1—1	0—3	2—1	2—1	2—1		2—1
Bulgaria	0—2	1—1	0—2	0—1	1—1	1—1	0—2	

* The table probably shows the minimum figures, since doubtless many unannounced meetings were held. The first figure in each box represents meetings held in a given country between November 1, 1956, and November 15, 1957; the second figure represents the meetings held in 1958-1959. E.g., China was visited by Politburo-level Soviet delegates twice in the first period and twice in the second; on the other hand, the Soviet Union was visited by the Chinese 5 times in the first period and 3 times in the second. Thus the total Soviet-Chinese meetings amount to 12 (4 times in China, 8 times in the USSR); see Table 2.

twice, Siroky twice. Of the 31 Politburo-level meetings attended by the Soviet leaders between November 1956 and November 1957, 25 were held at home (see Table 2). In the course of this "stabilization" period, Budapest, East Berlin, and Prague were also focal points for such top-level activity (21 home meetings, as compared with only two in Warsaw). In general, worthy of note is the somewhat relatively higher incidence of meetings of East German-Bulgarian-Czechoslovak representatives, whose parties enjoy a neo-Stalinist reputation.

By way of contrast, in the post-1956 "stabilization" phase, the Chinese party was quite active externally, more so than in the subsequent post-1957 period. (A Chinese Politburo delegation was sent twice to tour Eastern Europe in an attempt to resolve the existing differences between some of the East European and the Soviet regimes.) During this phase, Sino-Soviet contacts were most frequent, presumably reflecting a common concern with the prevailing instability within the bloc. In the post-1957 period, the initiative passed into Soviet hands. Soviet activity increased greatly, and Khrushchev undertook a series of personal visits to all the Communist capitals (something which Stalin never did). After the November 1957 conference,

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TABLE 2. TOTAL MEETINGS BETWEEN POLITBURO DELEGATIONS IN THE PERIODS NOVEMBER 1956-NOVEMBER 1957, 1958-1959, AND BOTH COMBINED*

	USSR	CHINA	POLAND	CZECH.	E. GERMANY	RUMANIA	HUNGARY	BULGARIA
USSR								
China	7—5=12							
Poland	5—10=15	2—2=4						
Czecho-slovakia	4—6=10	2—2=4	1—2=3					
E. Germany	4—7=11	1—3=4	2—3=5	2—4=6				
Rumania	2—5=7	1—1=2	0—2=2	1—1=2	1—1=2			
Hungary	6—7=13	1—3=4	0—5=5	2—3=5	2—4=6	2—2=4		
Bulgaria	3—7=10	2—2=4	0—4=4	1—3=4	1—3=4	2—1=3	2—3=5	
Total meetings with bloc Politburo delegations	USSR 31—47=78	China 16—18=34	Poland 10—28=38	Czech. 13—21=34	E. Germ. 13—25=38	Rumania 9—13=22	Hungary 15—27=42	11—23=34
Of these, at home	25—31	5—10	2—14	5—10	6—12	3—2	10—11	3—10
Abroad	6—16	11—8	8—14	8—11	7—13	6—11	5—16	8—13

* The first figure in each column refers to the period November 1956-November 1957; the second to 1958-1959; the third to the two combined. Thus the Soviets and the Chinese met 7 times during the first period and 5 during the second, for a total of 12.

which marked Gomulka's formal subservience to the principle of camp unity, Polish-Soviet meetings became frequent and Polish activity within the bloc increased greatly. It should be noted, however, that although more than half of the meetings registered in the tables involved first secretaries of the ruling parties, until October 1960 Gomulka and Novotny had never exchanged formal visits (which presumably had something to do with the latter's behavior in October 1956).

Every meeting normally concludes with a statement of principles, reaffirming a common ideological commitment and warning against various dangers to Communist unity. These meetings also serve to symbolize the equality that is formally said to prevail within the Communist camp. At the same time such gatherings provide their participants with convenient arenas for the exercise of subtle pressure. Thus the 1957 meetings were used by the East Germans, the Czechs, and the Bulgarians to assert the fundamental importance of Soviet leadership within the camp and to scourge revisionism. Similarly,

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in 1959 the Chinese tenth-anniversary meeting gave these party leaders an opportunity to praise effusively the Chinese domestic program and the relatively Stalinist ideological stand of the Chinese, thereby quietly indicating their hope that the other party leaderships would follow suit. The Moscow session of the WTO in February 1960 presented the Chinese delegate with a chance to assure the other party leaders that the dangers of war are still acute and that the camp ought to avoid excessive reliance on "peaceful coexistence."[37] These top-level unity meetings thus involve important doses of "esoteric communication," which would not have been possible in Stalin's day.[38]

The top-level contacts, although frequent, still operate on an *ad hoc* basis. In 1957 there was some pressure from the Soviets and the other centralist leaders (East German, Czechoslovak) to re-establish some regular, institutionalized channel of inter-party contacts. Owing to the resistance of some parties (primarily the Polish, and possibly the Chinese also), this proposal was not implemented. Rather, two substitute methods were developed. First, the Soviet Union began to rely primarily on experienced party leaders, usually of a rank equivalent to a republican or *oblast'* first secretary, as its ambassadors to the other Communist states. In this way, Moscow assured itself of a degree of continuous party contact on a responsible level, subject directly to the CPSU Central Committee's department for dealing with bloc affairs.

Secondly, according to a decision reached at the November 1957 conference, an inter-party political-ideological magazine was established. Its editorial offices were located in hyper-loyal Prague and a high-ranking CPSU specialist in international Communist affairs, A. Rumyantsev, was appointed as its head. It was entitled the *World*

[37] A full text of the vigorous statement by a Chinese observer, significantly ignored by the Soviet and East European press, is contained in *East Europe*, IX, No. 3 (March 1960).

[38] This communication takes the form either of reiteration of certain key and meaningful formulas or of ostentatious omission of certain key concepts. Thus, for instance, the repetition of the formula "proletarian internationalism" as the basic principle guiding relations between the Communist states was directed against the Poles' emphasis on the need to respect their own road to socialism; similarly, the insistence on hailing Soviet leadership was meant to combat the concept of full equality of Communist states. Repeated attacks on revisionism (and silence on dogmatism) were directed against those parties and party members who were pressing for anti-Stalinist reforms. Similarly, attacks on dogmatism were often aimed at the USSR and, in 1959-1960, at China. The recent Chinese emphasis on the innately aggressive character of imperialism, as shown by Lenin, is a form of subtle pressure against those Communist leaders who are willing to concede that war is not inevitable even while capitalism still exists. Finally, exaggerated praise for the policies of one party can be a form of pressure against another; e.g., praise of China can be directed at the USSR, or praise of Bulgaria for rapidly collectivizing can be aimed at Poland, etc.

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Marxist Review in its English edition, and *Problems of Peace and Socialism* in its Russian edition. (The editions include the twelve languages of the bloc and seven others: English, French, Spanish, Italian, Dutch, Swedish, and Japanese.) Although distribution of the review is not restricted to the bloc, it was clear from the outset that one of its tasks would be the consolidation of a common ideological-political line for the bloc. Precisely because of that it was hailed by the East Germans[39] and met with silence in Warsaw.

Since publication of its first issue in September 1958, the magazine has appeared once a month. Although it does not seem to have lived up to expectations as the vital organ for the crystallization of ideological and political unity in the bloc, it is the only inter-party publication on ideological-political matters, and in some ways a successor to the Cominform journal, *For a Lasting Peace, For a People's Democracy*. Apart from occasional editorials, it usually contains several major feature articles dealing with sundry problems of foreign policy, ideology, economy, or bloc affairs. A second section, which appears irregularly, is devoted to shorter "exchanges of views" between the various Communist parties. The third section contains brief notes on party activities.

An examination of twenty-six issues (September 1958-October 1960) shows that the magazine's contributors are by no means restricted to the bloc alone. The proportion of bloc contributions is highest among the major feature articles—95 out of 191; in the briefer "exchange of views" category, the proportion is 52 out of 157; in the short news items, 59 out of 238. However, given the origins of the magazine and the fact that it is presently the only open inter-party forum, it is an important and revealing source of information concerning inter-party dynamics within the bloc. Tables 3, 4, and 5 provide a breakdown of the various contributions from the parties belonging to the Communist camp.

The tables seem to warrant the following conclusions insofar as the camp is concerned: (1) Not unexpectedly, the leading role in the magazine is played by the CPSU. (2) More striking perhaps, however, is the domination of the magazine by three parties—the Soviet, the Czech, and the East German. Of the 95 major bloc contributions, they account for 60; of the 52 "exchange of views" in the second table, the Soviets and Germans alone account for 25; of the 59 informational items, the three parties account for 25. (3) It is also noteworthy that these three parties monopolize almost entirely the

[39] *Neues Deutschland* (East Berlin), November 30, 1957.

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TABLE 3. FEATURE ARTICLES IN "WORLD MARXIST REVIEW," SEPTEMBER 1958—OCTOBER 1960*
(Total number of articles, 191; Soviet bloc contributions, 95)

COUNTRIES	ARTICLES BY BLOC	EXTERNAL ISSUES				BLOC ISSUES			DOMESTIC ISSUES		
		FOR. POL. GEN.	FOR. POL. NAT'L.	ECON. ISSUES	IDEOL. ISSUES	POLIT. ISSUES	IDEOL. ISSUES	ECON. ISSUES	POLIT. ISSUES	IDEOL. ISSUES	EC. & SOC. ISSUES
Albania	—										
Bulgaria	7				1		1		1	1	3
China	6								1	2	3
Czecho.	15	1		2	2		2	3	2	1	2
E. Germany	11		2		1	3			2	1	2
Hungary	6								3	1	1
Mongolia	—										
N. Korea	3		1								2
N. Vietnam	2										2
Poland	8	2	1					1	1	1	2
Rumania	3	1							2		
USSR	34	7	1	3	7		3	3	3		7
TOTAL	95	11	5	5	12	3	6	7	15	7	24

* (1) Not included are unsigned articles of indeterminate character as well as editorials. Included is one supplement on economic development in the bloc. (2) Arbitrary or borderline categorizations include several articles on purely cultural developments (e.g., an article in the April 1960 issue, "A Playwright on Lenin"); such articles have been included under the heading of economic and social issues. An article on science and space, in the October 1960 issue, which focuses on the scientific achievements of the USSR and briefly compares them with those of the United States, has been listed under the domestic social-economic heading. An article by G. Obichkin, "Lenin and the Party" (May 1960), dealing with Lenin's theory of the party, has been included under external ideological issues—USSR, on the assumption that it is valid for all CP's, not just for those of the bloc. Otto Kuusinen's article, "Perspectives of Monopoly Capital" (April 1960), is also listed under external ideological issues—USSR, on the grounds that the topic is more than purely economic.

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TABLE 4. EXCHANGE OF VIEWS IN "WORLD MARXIST REVIEW," SEPTEMBER 1958—OCTOBER 1960*
(Total number of articles, 157; Soviet bloc contributions, 52)

COUNTRIES	ARTICLES BY BLOC	EXTERNAL ISSUES				BLOC ISSUES		DOMESTIC ISSUES	
		FOR. POL. GEN.	FOR. POL. NAT'L.	ECON. ISSUES	IDEOL. ISSUES	POL. & IDEOL. ISSUES	ECON. ISSUES	POL. & IDEOL. ISSUES	EC. & SOC. ISSUES
Albania	2					1		1	
Bulgaria	4					2		2	
China	5					1		3	1
Czecho.	3				1	1	1		
E. Germany	13	1		7	1	1		2	1
Hungary	3					1		1	1
Mongolia	1					1			
N. Korea	—								
N. Vietnam	2					1		1	
Poland	3					1	1	1	
Rumania	4				1	1	1	1	
USSR	12	4		4		1	1	1	1
TOTAL	52	5		11	3	12	4	13	4

* Under this heading is included not only a section labeled "Exchange of Views," which is usually a forum on such questions as "What Are the Changes in the Structure of the Working Class?" (May and September 1960), but also a monthly feature entitled "Communications and Comment," reports on international congresses, and an occasional feature called "Pages from History." Items were excluded if their authorship could not be determined.

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serious discussion of bloc affairs and dominate heavily most of the comments on external issues. (4) By the way of contrast, the contributors from the other ruling parties seem to restrict themselves to their own domestic problems. (5) Very striking is the limited participation of the Chinese party: in feature articles, it is less than that

TABLE 5. ARTICLES HEADED "IN THE COMMUNIST AND WORKERS' PARTIES," IN "WORLD MARXIST REVIEW," SEPTEMBER 1958—OCTOBER 1960

(Total number of articles, 238; Soviet bloc contributions, 59)

Albania	4	Mongolia	2
Bulgaria	4	North Korea	3
China	3	North Vietnam	—
Czechoslovakia	8	Poland	8
East Germany	7	Rumania	2
Hungary	8	USSR	10

of Czechoslovakia, East Germany, or Bulgaria, and no greater than that of Hungary; its share in the other categories is similar. (6) Not less striking is the small total of contributions from the Asian countries: instead of contributing roughly one-third (4 countries out of 12), they contributed little more than one-ninth of the camp's feature articles, one-sixth of the "exchange of views" contributions, and one-eighth of the activities items. This seems to have a further implication: insofar as the camp is concerned, the journal is primarily an organ of Soviet orthodoxy, designed to articulate on *major issues* the line developed by the Soviet leaders and their most devoted lieutenants, the East Germans and the Czechs. The other parties either shun the magazine or are pushed into a relatively narrow, domestically oriented background. This "in-group" seems to parallel the one noted in regard to leadership contacts.

Little can be said without access to classified data concerning the dynamic side of military relations within the bloc. However, certain facts do stand out. Since 1956, the Soviet Union has striven to remove the most overbearing aspects of its military domination of Eastern Europe, a domination to which the Soviet leaders had to admit during the critical days of October 1956.[40] With the recall of most of the

[40] "In the process of the rise of the new systems and the deep revolutionary changes in social relations, there have been many difficulties, unresolved problems, and downright mistakes in the mutual relations among the socialist countries—violations and errors which demeaned the principle of equality in the relations among the socialist states" (from the October 30, 1956, declaration by the government of the USSR).

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Soviet advisers (Hungary excepted), and with the highly publicized treaties governing the presence of Soviet troops in other Communist states, the most glaring irritants were removed. At the same time, the Soviet Union ensured the availability to its forces of certain strategic areas: e.g., Polish and Rumanian ports as well as frontal positions in East Germany and Hungary. However, these adjustments do not amount to close co-operation and/or military integration. In fact, it would appear that on the military level, the Soviets, possibly anxious to protect their military secrets and hypersensitive to security matters, prefer to avoid tight military integration. Apart from providing some of the satellites with the technical information necessary for the production of Soviet-type weapons (thereby alleviating delivery pressures on the USSR), and general standardization of weapons within the camp, military co-operation tends to operate primarily at the top political-military levels, through exchange of visits and a general definition of broad strategic tasks, but without real military integration or frequent and regular joint maneuvers of the various Communist forces.

The Soviets' determination to protect their military preponderance within the bloc is particularly evident with respect to nuclear weapons. Unwillingness to share them has been expressed through such maneuvers as the scheme for an atom-free Asia (coolly received by the Chinese) and by continuing equivocation in response to requests for greater nuclear assistance from the other "socialist" states, particularly China. It was presumably with this in mind that, according to Radio Peking of June 8, 1960, a Chinese leader, Liu Chang-sheng, made this veiled criticism of the Soviet stand: "We hold that the utmost efforts must be made to reach agreement on the banning of nuclear weapons and to prevent the outbreak of a nuclear war in the world. Soviet mastery of nuclear weapons has now deprived U.S. imperialism of its monopoly of such weapons. The Soviet Union and the other socialist countries should continue to develop their lead in the sphere of atomic energy and, at the same time, the people throughout the world should wage a more extensive struggle against imperialism and against nuclear weapons. Only in these circumstances can such agreement be reached." In other words, the best way to get a nuclear ban would be to share nuclear weapons with China and the other Communist-ruled states.

With respect to the matter of diplomatic relations among the Communist states, considerable regularization is to be noted. In the course of 1957-1958, the Soviet Union concluded a whole series of consular

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conventions with the other members of the bloc, defining consular competence and clarifying such still outstanding issues as dual-citizenship, problems of mutual legal aid, and civil, criminal, and familial legal issues.[41] However, the Soviet Union still retained its traditional reticence concerning the opening of foreign consulates on Soviet soil; the Poles, for instance, were unsuccessful in their efforts to increase their consular representation in the Soviet Union. At the higher diplomatic level, as noted earlier, the trend in the Soviet case has been toward the appointment of party officials as ambassadors to the other Communist states.[42] However, this does not necessarily mean that the ambassadorial role has actually increased. In some cases, such appointments were made in the wake of the domestic disgrace of the individual concerned (e.g., Molotov and Pervukhin), and in general it may be seen as part of a trend to improve inter-party contacts through the development of a sense of *partiinost* in common dealings, while leaving the determination of more important issues to higher-level party meetings which, as already observed, have become relatively frequent. In this connection, quite suggestive is the increase in the frequency of Soviet ambassadorial shifts in those states which during Stalin's time were almost ruled by the Soviet ambassador. During the Stalinist phase six Soviet ambassadors in Hungary, Poland, Rumania, and East Germany, served a total of 26 years, or roughly four and a half years for each appointment. In the post-Stalin phase, 12 ambassadors served out 26 years, or just over two years each. Apart from domestic Soviet factors involved in such changes, one may well suspect that the relative decrease in the role of the Soviet ambassador as the direct superior of the domestic leaders of the countries involved may have had something to do with this.

These various high-level forms of relations testify to a steadily intensified contact between the ruling regimes. The number of visits of various ministers, deputy ministers, regional party secretaries, assembly deputies, technical and scientific delegations, youth activists, etc., runs virtually into the hundreds.[43] These, too, compare notes

[41] See Slusser and Triska, *op.cit.*

[42] On the basis of recent listings, nine out of eleven Soviet ambassadors to Communist-ruled states appear to have been former senior party functionaries. During Stalin's lifetime, they appeared to come primarily from among the technical-police groups that staffed Molotov's Foreign Ministry.

[43] E.g., in 1957, the USSR sent out 1,116 such delegations; in the first half of 1958, 587. In the same periods, Czechoslovakia sent out 503 and 250; Poland 472 and 263, etc. More than half of these, however, were technical and sports groups. See Ivanov, *Razvitie, op.cit.*, pp. 112-13, for data on exchanges of specialists.

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and sometimes engage in subtle communications.[44] Recent years have also seen a marked increase in personal contacts among the several Communist states, something not possible during Stalin's era. The gradual development of tourism means that each year tens of thousands of private citizens of one Communist country visit other Communist countries. (In 1959, for instance, about 60,000 Bulgarians, 70,000 Czechs, and 70,000 Poles traveled within the orbit.[45]) However, in this respect some striking differences among the various states have to be noted. Of the Poles, almost as many visit non-Communist as Communist states, whereas in the case of the other bloc members the total going west is at the most one-fourth (Czechoslovakia) and usually less. Furthermore, the greatest exchange of tourists seems to be among East Germany, Czechoslovakia, and Bulgaria; this is easily explainable in terms of Bulgaria being a genuine tourist attraction, but other considerations would appear to be involved in the case of the large number of Czechs or Bulgarians visiting East Germany, but not, for instance, Poland. Among the many other forms of intensified contacts, one should also note an increasing student exchange, especially between the USSR and China,[46] special conferences of bloc scholars,[47] collaboration agreements between the several national academies of science (e.g., the December 1957 and January 1958 scientific and technological agreements between the respective Chinese and Soviet institutions), and circulation of bloc literature and newspapers (particularly Soviet) among the various states. For instance, the year 1959 saw meetings of the orbit's publishers, economists, film producers, even circus directors. The film producers decided, *inter alia*, to emphasize *partiinost* in their productions, close

[44] For instance, the head of the Polish parliamentary delegation to Rumania emphasized in his account of the meetings with Rumanian parliamentarians the fact that the Rumanians expressed great interest in the ratio of governmental decrees to legislative acts in post-1956 Poland. When he told them that for 76 parliamentary acts passed in Poland in 1958, there was only one governmental decree, the Rumanians admitted that in their case the ratio was almost reversed, but said they were also struggling for a change (*Zycie Warszawy*, October 16, 1958).

[45] *Lidova Demokracie* (Prague), January 7, 1959; *Rude Pravo* (Prague), February 10, 1959; for the most complete treatment, *East Europe*, VIII, No. 7 (July 1959).

[46] For Sino-Soviet student exchanges, see M. S. Kapitsa, *Sovetsko-Kitaiskie otnosheniia*, Moscow, 1958, p. 379. However, the Soviet Union is not actively engaged in sending its students abroad; in 1958 there were, for instance, 1,040 Czechoslovak students in the USSR and only 124 Soviet students in the CSR (*Svobodne Slovo*, Prague, July 19, 1958). Similarly, in Poland the largest number of foreign students from within the bloc came from the Asian countries (*Zycie Warszawy*, October 8, 1958).

[47] For instance, see J. Kowalski, "At the International Conference of Historians of the Communist Movement," *Nowe Drogi* (Warsaw), January 1958, for an account of the three conferences held for party historians of the bloc.

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ties with reality, and "the unmasking of revisionism in aesthetics."[48] All of these measures are designed to foster a sense of community, a sense of common identity in "the camp of socialism."

The extensive efforts to promote unity, so lacking during the Stalinist phase of the camp's development, has two further aspects which deserve mention. The first is the matter of trade, the second that of the literature of unity. The importance of close trade ties as a factor of interdependence was recognized much earlier than the need for co-ordinated planning and for the activization of the dormant institutions of CEMA. However, with specialization, trade has assumed an even more important role in shaping a "socialist world market," distinct from the capitalist world and fully self-sufficient. Table 6 shows not only the degree to which trade patterns have been channeled primarily within the bloc, but also the intensity of trade among the various Communist states. In addition to the obvious point that trade with the USSR is of central importance to all of the states, whatever the level of their economic development, it would appear that China depends also to a great extent on supplies from East Germany and Czechoslovakia, thus paralleling the particular ideological affinities of these regimes for one another. While it would be incorrect to claim that there is a causal relationship between trade patterns and ideological orientations, it is a fact that states like East Germany and Czechoslovakia, which entertain a centralistic conception of the bloc, do happen to play an important role in the general economic life of that bloc. Their economic strength thus buttresses their political orientation and gives them greater influence in such organs as CEMA.

In general, in the eyes of the Communist leaderships, the emerging economic interdependence is said to have not only economic but great political and ideological significance. It is quite evident that in the thinking of the Soviet leaders, the consolidation and growth of a "socialist world market," and eventually its preponderance over the "capitalist" market, is one of the determining factors shaping the present epoch.[49] The economic growth and integration of the camp

[48] G. A. Mozhaev, *Mezhdunarodnye Kulturnye Sviazi SSSR*, Moscow, 1959.

[49] This theme is often repeated by Khrushchev. See also E. Varga, "The Capitalism of the 20th Century," *Kommunist*, No. 17 (November 1959), and particularly his prognosis for the next ten to fifteen years. Probably the most elaborate and sophisticated development of the expected international and political consequences of the growth of a "socialist world market" is contained in T. Lychowski, *Stosunki Ekonomiczne Miedzy Krajami o Roznych Ustrojach*, Warsaw, 1957, pp. 590-605, where he argues that the existence of such a market will profoundly alter the present pattern of relations between the industrialized Western nations and the developing nations.

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TABLE 6. INTRA-BLOC TRADE PATTERNS*
(in per cent of total)

COUNTRIES	BULGARIA		CHINA		CZECH.		E. GERMANY		HUNGARY		POLAND		RUMANIA		USSR	
	1957	*1958*	*1957*	*1958*	*1957*	*1958*	*1957*	*1958*	*1957*	*1958*	*1957*	*1958*	*1957*	*1958*	*1957*	*1958*
Bulgaria			.04		3.0	2.7	1.9	2.1	1.8	1.5	1.2	1.6	2.5		4.5	4.7
China	1.0	2.5			5.0	7.0	6.0	9.4	5.2	6.9	3.7	4.7	4.2		15.4	17.5
Czech.	11.5	10.5	5.7	5.7			7.6	11.3	13.9	13.1	6.2	7.3	6.7		11.2	11.1
E. Germany	8.0	9.3	7.5	6.6	10.1	11.0			11.0	11.0	13.0	11.5	7.5		19.5	18.7
Hungary	2.6	2.4	2.2	2.7	5.4	5.8	3.6	4.3			2.4	2.7	3.3		4.3	4.1
Poland	3.5	4.9	3.2	3.2	10.0	11.0	7.4	10.4	4.9	5.1			4.2		8.3	7.4
Rumania	1.8	1.5			2.3	2.1	1.8	2.0	2.5	2.3	1.5	1.1			5.3	5.6
USSR	52.0	53.3	50.0		34.0	33.1	45.0	43.0	29.5	27.0	30.6	26.2	47.6			
Total share intra-bloc trade	85.0	85.9	75.0	75.0	69.8	72.7	73.3	82.5	70.2	66.3	58.6	55.1	76.0		68.5	69.1

* Read down for the trade of any particular country.

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are thus becoming central factors in the Communist perspective on world affairs.

The final aspect to be registered involves the literature of unity that is mushrooming within the bloc and particularly in the USSR. By this is not meant the trite, propagandistic, and largely sterile treatments of the often illusory advantages for the various Communist-ruled countries of friendship with the Soviet Union. Such publications have been available for a long time. In the last two or three years, however, there have been signs that more serious thought is being given in the various states, and particularly in the USSR, to what might be called the problematics of the Communist camp. Apparently it became evident to all concerned that the emergence of a series of Communist states created problems and issues which had specific characteristics and which could not be answered by the standard political, ideological, and economic literature written primarily for Soviet domestic consumption. Furthermore, it became evident that the experience of the other ruling parties often raised issues which could be disturbing to the CPSU membership.

As a result, by 1958 and 1959 even important Soviet publications appeared to be drafted with at least one ear cocked toward possible bloc reactions and domestic echoes of bloc problems. The recently published *Istoriia KPSS*, or the most up-to-date formal statement of the ideology, *Osnovy Marksizma-Leninizma*, edited by O. V. Kuusinen, not only were clearly intended for domestic Soviet consumption but attempted to address themselves to problems that face the other ruling parties. The realization that Stalin had erred in insisting that almost every aspect of Soviet experience was relevant to "the construction of socialism" elsewhere meant that serious thought could be given to the task of defining which parts of this experience were and were not relevant. The efforts of the CPSU's new official history to define the universal laws of "socialist construction" was a response to this need.[50] Similarly, Kuusinen's book was in large part an attempt to provide an up-to-date, authoritative, and serious statement of the doctrine, refuting both the revisionist and the dogmatist views penetrating some of the ruling parties, including the CPSU.[51]

[50] *Istoriia Kommunisticheskoi Partii Sovetskogo Soiuza*, Moscow, 1959, especially pp. 672-74.

[51] To this writer, Kuusinen's volume is the most important Soviet attempt to define Communist ideology since Stalin's statement of 1952. Clearly meant to be a guide to international communism on all political-ideological aspects, including such matters as patterns of the socialist revolution, the issue of war, and the nature of a Communist society, the volume is particularly striking in its de-emphasis of the Chinese experience. While primarily relying on Marx-Engels-Lenin for doctrinal citations, it cites Mao Tse-tung

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In addition, within the last two years a spate of books devoted to bloc affairs has been published in the USSR.[52] As the partial listing below suggests, their primary emphasis appears to be on the theme of economic collaboration and on the emergence of a "socialist world market." Occasionally they contain useful comparative materials on the economic development of the various Communist-ruled states and on the stages of their "socialist construction." There are, in addition, two other kinds of general treatment: volumes primarily devoted to the negative task of rooting out "revisionist" tendencies within the ruling parties,[53] and more general political-ideological discussions of the camp's affairs. The latter category supplies perhaps the more interesting examples of the developing literature of unity. One may cite, for instance, the symposium sponsored by the Philosophy Institute of the Academy of Sciences, entitled *The Commonwealth of Socialist Countries* (*Sodruzhestvo Stran Sotsializma*). This 300-page book addresses itself to such issues as the generalities and specifics of the building of communism, the impact of the October Soviet revolution on the development of the concept of People's Democracy (a matter which was once actively discussed in the bloc), a discussion of the peculiarities of building socialism in China, etc.[54] While often simplistically dogmatic in its approach (this is particularly true of a chapter dealing with "proletarian internationalism" in relations between the Communist states), such literature is

only twice in the course of 750 pages; Khrushchev, by way of contrast, is cited sixteen times, but Stalin also only twice.

[52] E.g., N. I. Ivanov, *Razvitie Ekonomiki Stran Narodnoi Demokratii*, Moscow, 1958; A. K. Kozik, ed., *Ekonomicheskoie sotrudnichestvo i vzaimopomoshch mezhdu Sovietskim Soiuzom I Evropeiskimi Stranami Narodnoi Demokratii*, Moscow, 1958; Ivanov, *Razvitie, op.cit.; Voprosy vneshnei politiki, op.cit.; Sodruzhestvo Stran Sotsializma*, Moscow, 1958; O. Butenko, *Osnovnye cherty sovremennogo revizionizma*, Moscow, 1959; *Protiv sovremennogo revizionizma*, Moscow, 1959; D. D. Bytakov, ed., *Finansy Stran Narodnoi Demokratii*, Moscow, 1959. In addition to these general works, there is an increasing number of books dealing with specific problems of individual Communist states—e.g., V. Zhamin, *Sel'skoe khoziaistvo Kitaia*, Moscow, 1959; *Problemy novoi sistemy planirovaniia i finansirovaniia cheskoslovatskoi promyshlennosti*, Moscow, 1959; and many others. This reawakened interest in the "problematics" of bloc affairs harks back to the 1946-1949 period, during which time there were many active discussions and publications pertaining particularly to the question of the nature of "People's Democracy" and its relationship to Marxist-Leninist doctrine. Such centers as the Institute of World Economy and International Relations, or the Institute of International Relations, seem to be particularly interested.

[53] E.g., Butenko, *op.cit.*, or *Protiv sovremennogo revizionizma, op.cit.*

[54] Its lead article was contributed by M. B. Mitin, member of the Academy of Sciences and of the Central Committee of the CPSU, in the past a Soviet delegate to the Bulgarian and Hungarian Party congresses and, last but not least, in 1955 the editor of the Cominform journal, *For a Lasting Peace, For a People's Democracy.* A more recent example is the recently published volume, *Obshche zakonomernosti perekhoda k Sotsializmu i osobennosti ikh proiavleniia v raznykh stranakh*, Moscow, 1960.

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a modest step forward in the direction of at least recognizing some of the problems involved in building "socialism" on the basis of a common ideology but within the context of several societies, ranging from the technologically most advanced to the most primitive.[55]

III. Some Conclusions

Insofar as the organization of the Communist camp is concerned, recent years have seen concrete efforts in the direction of (1) the regularization of relations among its members; and (2) the intensification of such relations. Many of the earlier sources of tension were due to the essentially informal and indirect system of Stalinist controls, to the blurred lines between central authority and domestic autonomy, to the air-tight compartmentalization of the camp's members, each surrounded by an iron curtain and beholden only to Moscow. The regularization of these relations, and their concomitant intensification, have been designed to reduce the number of tension points, and to liquidate the earlier ambiguities in the division of power between the center and its dependencies and/or allies. While foreign affairs, military affairs, and ideology still remain primarily in the Soviet domain (excepting the special case of China), a limited measure of autonomy in regard to the tempo and specific character of domestic social and economic policies is gradually developing insofar as the other Communist states are concerned. Although the Soviet Union yielded to this development with hesitation and often painfully, the regularization of relations and their simultaneous intensification were both necessities dictated by this concession and responses to the new situation. Most of the organizational aspects of the promotion of unity treated in the preceding pages became important only in the last few years.

This greater emphasis on the organizational aspects of the camp has certain implications for its general character. For one thing, since its unity now involves much more conscious effort on the part of the various ruling elites than was the case earlier, one can note something which could not have occurred in Stalin's day—namely, the appearance, albeit still very timid, of constellations or "in-groups" within the camp. On a number of important issues, it

[55] Literature of this broader sort has also been making its appearance in the satellite states, although perhaps even more timidly. One may cite, for example, *Mezinarodni delba prace v socialisticke svetove soustave*, Prague, 1958; G. Tsonkov, *Obshchoto i spetsifichnoto v razvitieto na sotsialisticheskata revoliutsiia*, Sofia, 1959; or the more general work by T. Lychowski cited in note 49.

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would appear that the East German and Czechoslovak leaderships share similar approaches, and quite often they seem to enjoy Bulgarian support. (This corresponds to some of the factual evidence noted in part II of this study.) Furthermore, on occasions they have displayed more sympathy for some of the Chinese attitudes, both on ideology and on foreign policy. For the time being, the Poles, the Rumanians, and the Hungarians have been closer to the Soviets with respect to international affairs, even though the Czechs and the East Germans are relied upon by Moscow to promote the internal line of bloc unity.[56]

Finally, the regularization and intensification of relations within the camp, and the abandonment of the relatively informal Stalinist pattern, have revealed a striking differentiation in the formal institutional structure of the camp insofar as the Asian group of Communist states is involved. They are not in the formal alliance system nor in CEMA, and their contacts with the other parties appear to be less intense. Furthermore, since much of the Soviet hope for the future political and ideological unity of the camp is based on the present drive for closer economic interdependence, an autarkic Chinese development means that in the years to come Chinese unity with the rest of the camp will rest almost entirely on the ideological-political plane. While this is not tantamount to disunity, it does reflect a somewhat less homogeneous reality than the Communist leaders would have the world believe.

This leads to two further points. The history of the camp can now be evenly divided into the Stalinist and the post-Stalinist periods, each lasting about seven years. From a historical standpoint, these are very short phases indeed. What is striking, however, is the difference between them. In the first place, the camp no longer seems as monolithic and as invulnerable to change as during Stalin's lifetime. Because of that, the alternative to it seems less likely to be violent upheavals. Today, in some ways the camp is better equipped to absorb the strains which occur in any multinational organization, and particularly in one dominated by a single national group. By suppressing such tensions through terror, accompanied also by economic exploitation, Stalin created the preconditions for a revolutionary situation. This no longer appears to be the case. On the other hand, because of the greater elasticity which now absorbs the strains and

[56] As one highly placed East European Communist said to the writer: "You have your mad dogs of capitalism [paraphrasing a Stalinist statement]—namely, Adenauer; we have our mad dogs of communism—the East Germans and the Czechs."

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prevents an explosion erupting from stored-up frustration, the danger of a gradual erosion of the camp's ideological unity seems greater than ever before. Even the small measure of diversity which now exists, even the formal steps taken to regularize and improve relations, can gradually become impediments to the maintenance of the Leninist-Stalinist type of internal organizational discipline, so necessary to the unity of a camp founded on a doctrinaire ideology. This is particularly the case since the camp is still undergoing evolutionary change requiring a continuous adjustment of the ideology to varying and often conflicting national circumstances. Furthermore, to the degree that the Soviet leadership finds it necessary to mobilize the support of other Communist regimes in opposition to some Chinese stands,[57] the relationship of political power between Moscow and the other capitals becomes increasingly less asymmetrical.

Secondly, it seems fair to note that the camp in its first phase was in effect a national empire, centrally directed and run largely to the advantage of the dominant Soviet party. In some ways, if one for a minute overlooks the ideological elements, it was much like the Roman or French or English empire in their earlier days. Precisely because of that, it did not require elaborate machinery. The present development within the camp is increasingly transforming it into an international Communist empire, dominated by various Communist elites, bound together, to be sure, by Soviet power but also by common interests and aspirations. While united in their efforts and in their vested interest in keeping their ideologically oriented empire together and their populations suppressed, they increasingly find it necessary to express their unity through various organizational devices. The need for such organizational devices is felt to be particularly great because in the current Communist thinking "socialist" and subsequently even Communist countries will continue to exist as separate entities until a world-wide Communist society emerges.[58]

[57] For a recent treatment of Sino-Soviet differences, see D. Zagoria, "Strains in the Sino-Soviet Alliance," *Problems of Communism* (May-June 1960). For the argument that the Sino-Soviet alliance involves a dynamic relationship of "divergent unity," see this writer's "The Pattern and Limits of the Sino-Soviet Dispute," *ibid.* (September-October 1960). For a discussion of the problematics of ideological "relativization" and then "erosion," see my "Communist Ideology and International Affairs," *Journal of Conflict Resolution*, IV, No. 3 (September 1960), pp. 266-91.

[58] The fullest and most recent Soviet ideological statement, the thick volume *Osnovy Marksizma-Leninizma*, Moscow, 1959, edited by O. V. Kuusinen, speaks of economic co-operation among Communist countries (not just "socialist") as preliminary to the eventual emergence of a single global "Commonwealth" (pp. 749-51). It is interesting to note that the new "socialist" constitution of Czechoslovakia (which is said to be no

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During this transitional, but probably lengthy period, unity between the ruling parties is to be cemented through continuing efforts to develop ever closer political and economic ties among the countries ruled by them. To the extent that such ties do establish normative principles (if only in theory), particularly the principle of equality and independence, they will gradually consolidate the transition from a national to an international empire. By preserving state forms but emptying them gradually of their content, the ultimate hope is to surmount the traditional forces of nationalism and to create in effect an interlocking supra-society. While many obstacles still remain and others may arise, particularly with the further development of China, the West would do well not to underestimate the importance of the organizational development of the Communist camp.

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longer a People's Democracy) states in chapter I, article 1, that "The Czechoslovak Republic belongs to the world socialist system . . ." as a matter of constitutional law.

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THE CHINESE REVOLUTION IN RUSSIAN PERSPECTIVE

By ROBERT VINCENT DANIELS*

SPECIALISTS on Chinese communism are in the habit of brushing responsibility for strange or abhorrent phenomena off onto Soviet Russia. This may be largely justified; communism is clearly a foreign import in China, whatever the reasons for its success or the extent of its adaptation. But to an observer whose understanding of communism is based primarily on the study of Soviet Russia, the history of Chinese communism—now a full decade of national rule, following nearly thirty years of evolution—presents a number of peculiarities. Comparison with Russia suggests several lines of interpretation which may shed light on the past and present status of communism in China and the Far East.

I. China and the Pattern of Revolution

No one can deny that the events of recent Chinese history constitute a revolution on the grand scale, comparable to the English, French, and Russian revolutions (and possibly the German experience of 1918-1945). Nevertheless, there has been little effort either to interpret Chinese developments in terms of the comparative sociology of revolution, or to revise general conceptions of the revolutionary process in the light of the Chinese experience. Owing to vast East-West differences in culture, tradition, and circumstances, the risks in such generalizing are particularly great when Asia is brought into the picture, but certain significant points can at least be suggested.

The comparative study of revolutions has suffered from the tendency of historians either to force differing events into the same mold, or to label them unique and abandon attempts at comparison. Naturally, no two revolutions are exactly alike; to expect this would be absurd, but it is equally absurd to hold that they can have nothing in common. The situations of political breakdown and social chaos characteristic of the great revolutions clearly belong to a distinctive category in historical study. Patterns can be discerned in the study

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of revolutions which either explain events or call attention to deviant events which require special explanation. China no less than any other country can be approached from this standpoint.

The basic pattern of revolution can be stated roughly as follows: development of a revolutionary situation because of social changes and frustrations; collapse of the old, ineffectively repressive regime under the impact of military defeat or an administrative and financial impasse; moderate reform efforts giving way to radical revolutionary experiments and violent social conflict; a "Thermidorean reaction" in which revolutionary emotion subsides; emergence of a dictatorial authority which restores order and curbs the excesses of the revolution.[1] Restoration of the old regime may then occur, but the Russian experience shows that this is not inevitable; nor is the overthrow of the extremist party, if its leaders can adapt themselves to the realities of the post-revolutionary situation as Lenin did in 1921. In any event, the most utopian extremists are suppressed by whatever more practical revolutionaries are in power. Civil war may occur at any stage of the process (in England, after the moderate revolution; in Russia, after the extremists took power). International conflict is likely, thanks to the fears which the ideas and events of the revolution stir up, but the severe instances (France, Germany) are associated with the post-revolutionary dictatorships.

Revolutions of the type considered here may be regarded as a characteristic phenomenon of a certain historical epoch. In every case they represent a transition from a tradition-bound, monarchical political structure—authoritarian in its psychology, but not particularly efficient or centralized—to a rational and centralized state. Revolution seems to be closely associated with the basic transition from an essentially agrarian society to a commercialized or industrial society. Every major Western country has experienced this revolutionary transformation in whole or in part. The liberal states are those with the revolutionary experience farthest back in their histories, while the belated revolutions in central and eastern Europe, occurring under the new conditions of actual or incipient industrialism, have given us the modern phenomenon of totalitarianism.

At its beginning in 1911, when the monarchy collapsed in the face of a military uprising organized by Sun Yat-sen's followers, the Chinese revolution was reasonably similar to its Western counterparts.

[1] My debt to Crane Brinton's *Anatomy of Revolution* (New York, 1938) is obvious, but in addition I regard what I term the "post-revolutionary dictatorship" of the Cromwell-Bonaparte-Stalin-Hitler pattern as the natural conclusion of the process.

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Events in China then took a completely different turn: the imperial minister Yüan Shi-k'ai compromised with the revolutionaries, had himself elected President, and ruled as a military dictator until his death in 1916. Then the country fell into the chaos of contending provincial war-lords. So far, the revolution had not brought any substantial change in government or society, but had only succeeded in shattering such central authority as the country possessed. In terms of the progress of the revolution, China from 1911 to the 1920's was comparable to Russia between 1905 and 1917, while the shift of power from the center to the provinces was a distinctive, familiar, and (as it turned out) crucial Chinese development.

In the early 1920's the revolutionaries began to recover. Under Sun's leadership, the Nationalist Party—the Kuomintang—which he had founded in 1912, established itself as the regional authority in Canton and Kwangtung Province (at first shakily, but firmly from 1923 on). Thus the revolutionary movement scored its first real success in the role of a provincial war-lord, virtually immune from interference by Peking. It is difficult to classify this Kuomintang regime as moderate or extremist in the revolutionary scheme; perhaps it can be regarded as intermediate between the more moderate revolutionaries of 1911 and the more extreme tendency represented by the Communists.

During the Canton period of the Kuomintang, certain important developments took place. Close co-operation was established with Soviet Russia and the newly formed Chinese Communist Party; with Communist help, the Kuomintang was reorganized along Leninist lines of party discipline and one-party government. At the same time, the military element exemplified by Chiang Kai-shek assumed increasing importance within the movement. Between 1926 and 1928, simultaneous with his victorious "northern expedition," which gave him possession of the central government, Chiang took over control of the Kuomintang. Upon Chiang's defeat of the Communists and the "Left Kuomintang" in 1927, the revolution may be regarded as passing from the phase of quasi-extremism to that of post-revolutionary dictatorship (albeit an inefficient one). Chinese national unity (with some regional exceptions) was thus re-established in 1928 by a movement that had passed the peak of its revolutionary élan.[2]

Meanwhile the remnants of the Nationalists' extremist allies, the Communists, had in turn established themselves as a local war-lord authority, first in the mountains of southeastern Kiangsi Province,

[2] See, e.g., Arthur N. Holcombe, *The Chinese Revolution*, Cambridge, Mass., 1929, pp. 224-44.

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and then (after the "Long March" of 1934-1935) in northern Shensi. Like the Kuomintang, the regional Communist authority was in the first instance a military organization, though unlike their rivals the Communists undertook a moderate program of land reform to strengthen their social base among the peasantry. The party lost its old urban base altogether, and became in essence a peasant-based revolutionary movement led by members of the educated class. In Russian terms, the Chinese Communists after the early 1930's were much more comparable to the peasant-oriented Populists of the late nineteenth century than to the Marxists. This basic transformation of the Communist movement was the work of Mao Tse-tung, who thereby made himself the undisputed leader of the movement in China.

Mao's reorientation of Chinese communism did not proceed without resistance on the part of the more doctrinaire and Moscow-oriented Communist leaders, particularly Li Li-san and the "returned student" group of Wang Ming (Ch'en Shao-yü), who vainly emphasized the Chinese proletariat and the Soviet example. Holding regional power, like the Kuomintang earlier, the Communists had to meet the practical requirements of political and military survival, and the tone of their rule likewise changed from revolutionary enthusiasm to a practical post-revolutionary dictatorship.

Thanks to the peculiar possibilities of Chinese regionalism, both the Kuomintang and the Communists were able to pass through their extremist phase and reach that of post-revolutionary dictatorship before assuming power on a national scale. The Communists differed from the Kuomintang only in the greater strength of their organization, their discipline, and their ideology, all of which were attributable in considerable measure to Soviet influence and example. In sum, a native post-revolutionary dictatorship faltered and gave way to a rival that was invigorated by a foreign faith and allegiance.

The differences between the situations in which the Russian and the Chinese Communists came to power are immense. The Russians did so near the beginning of the revolutionary process; the Chinese, at the end. The Russian Communists underwent a profound evolution in the course of their first two decades of power, while the Chinese have not shown any fundamental change at all since 1949, either in personnel or in policies or in methods. To parallel the Russians, the Chinese Communists would have had to seize power in 1927-1928, when the party was hotheaded and the country was in a true revolutionary situation. The inference is that no important internal changes

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are to be expected in the post-revolutionary dictatorship of Chinese communism.

II. The Prefabricated Revolution

Thanks to their twenty years of regional power, the Chinese Communist leaders who set up the People's Republic in 1949 were not fresh, utopian revolutionaries like their Russian counterparts, but seasoned politicians. The development of a dogmatic totalitarian regime did not lie before them, but had already been accomplished. There was no wrestling with the problems of an old governmental administration newly seized; the existing Communist apparatus was simply imposed upon the country as a whole.

Also different from the Russian experience was the fact that the Chinese Communist regime did not develop in isolation. It was a branch of the international Communist movement already established in Russia. This does not mean that every step in the development of Chinese communism was dictated by Moscow, whatever the official Communist pretense may be. It seems clear that Mao's transformation of the Chinese Communist movement after 1928—from a proletarian class struggle to an essentially non-class, rural-based, military revolution—came about in opposition to Soviet expectations. Nevertheless, the Chinese Communists were convinced and dedicated Marxist-Leninists who never ceased to believe in their own orthodoxy and to respect the Soviet example. The fact that Soviet ideology and the Soviet allegiance were self-imposed does not mean that they were any less firmly planted in the Chinese Communist movement.

During the period of regional rural power from 1928 to 1949, the Chinese Communist movement underwent a decisive evolution in a number of respects. With reference to the process of revolution, as indicated already, it was tempered and steeled; out of utopian protest, stable post-revolutionary dictatorship was forged. Programs like land reform and the class struggle against the landlords, for example, which were matters of revolutionary zeal in the Kiangsi Soviet Republic in the early 1930's, became political devices, to be carefully curtailed or ruthlessly pressed as the situation of the moment dictated. The result was the impression which prevailed in the 1940's that the movement was primarily one of "agrarian reform." The outside world failed to understand how the Chinese Communists could handle the peasants so judiciously, and at the same time effec-

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tively apply the Leninist-Stalinist precepts of party organization, dispense with the working class, and retain their Marxist-Leninist philosophy, however irrational this might seem under Chinese conditions.

The psychological change in the Chinese Communists from zealots to tacticians seems closely analogous to the evolution that the Russians underwent between the Communist victory in 1917 and Stalin's attainment of complete personal power in 1929. For both countries this was the phase in which Lenin's principles of a centralized, disciplined, completely unified party and unqualified enforcement of its authority and doctrine were fully realized.

The Stalinizing of the Chinese Communist Party was closely associated with the rise of Mao. To what extent Mao was deliberately imitating Stalin, or to what degree the change was inherent in a party of the Leninist type, is not clear, but the actual development of the Chinese Communist Party ran closely parallel to the Russian, with comparatively little time lag. Mao's rise to the headship of the party and his consolidation of personal control over it between 1928 and 1937 may be compared to Stalin's career in the 1920's. Each rose on the basis of his control over the most effective Communist organization in the particular circumstances—Stalin as boss of the Communist Party apparatus, and Mao as the political leader of the Communists' peasant army. Like Stalin, Mao had to overcome Left and Right opposition: he defeated the leftist, proletarian line of Li Li-san and Wang Ming in the period 1931-1934, and in 1937 he destroyed the right-wing deviation of Chang Kuo-t'ao, who inclined to non-revolutionary co-operation with the Kuomintang.

With his organizational power secure, Mao then proceeded, as Stalin had done, to impose intense doctrinal discipline on the party, mobilize intellectual work in the direct service of the party, eliminate all expression of individual opinion, and establish unquestionable ideological justification for the party's acts. This appears to be the significance of the "thought-reform" movement of 1942-1944, comparable to and probably modeled on Stalin's imposition of such controls after 1929. As with Stalin, Mao's Marxism-Leninism became a dogmatic reference point for the ideological justification of whatever acts or policies the party found expedient.

In his tactics Mao differed sharply from Stalin. None of his party opponents were physically liquidated; most were allowed to retain some minor post in the movement, though there could be no question of expressing dissenting opinions in public. Subsequently the

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Chinese Communist Party distinguished itself by its ability to recruit allies of all sorts, ranging from American-educated intellectuals to provincial war-lords, and to bring them under Communist discipline through various careful combinations of concessions and pressure. This might be termed the political analogue of guerrilla warfare—no frontal attack, but infiltration, attrition, and winning over as many of the enemy as possible. The tactical difference between Stalin and Mao probably stems from a number of factors—a vast personality difference, the difficult circumstances which the Chinese Communist movement faced at this stage, and the fact that the Chinese Communists had not yet begun to experience the degeneration into irrationality which is perhaps a natural development in Communist regimes after they come to power. This aspect of the Stalinization of Chinese communism, which did not become pronounced until after the Communist Republic was established in 1949, will be considered shortly.[3]

In some respects, the development of mental discipline seems to have gone considerably farther in China than in Russia. A key role in Chinese Communist activity since the early 1940's has been played by the so-called "cadres," or trained party agents and activists. These people have preferably been prepared by "brain-washing" techniques of indoctrination under intense psychological pressure, comparable only to the Russians' methods of extracting false confessions from prisoners. As a rule, European communism has relied on the conviction or ambition of the individual Communist, coupled with direct instruction and discipline. Some visitors to Russia have noted the puritan rigor of Chinese delegations and students there, and the uneasiness that this evokes among the less internally disciplined Russians. A far greater internalization of the party's authority within the mind of each follower seems to have become the Chinese aim, whether or not it has been commonly achieved in practice; the campaigns for "remolding," the manipulation of small-group allegiance in "study

[3] My concept of Communist irrationality may cause some confusion among students of communism who are accustomed to view the Communist thought process as the rational application of a rigidly held doctrine. It is my contention that in the evolution of communism the doctrine has been broadly reinterpreted to justify practical action, despite the unyielding insistence that the movement represents Marxian orthodoxy. Doctrine then becomes not a rational guide, but a source of irrational self-assurance sustainable only by complete thought-control.

For further clarification of my approach, the reader may refer to some of my other publications, particularly the introduction to *A Documentary History of Communism* (New York, 1960) and chapters 12 and 13 of *The Conscience of the Revolution: Communist Opposition in Soviet Russia* (Cambridge, Mass., 1960).

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groups," and the standard of "watching oneself while alone" all testify to this.[4] There appears to be a Confucian background to this sort of emphasis; it would seem that Mao and his associates, in trying to copy Stalin, read Oriental notions into the Russian procedure of indoctrination and thus arrived inadvertently at their own much more effective form of control. As expounded by the propagandist Ai Ssu-ch'i, Marxism has become a philosophical panacea, a Confucian-like code of correct behavior capable of guiding people of any class.[5] Relying on correct belief correctly taught as the ultimate determinant in politics, the Chinese have never regarded a man's social background as a serious impediment to his reconstruction as a devout Communist, whereas the Russians clung to their Marxist bias of proletarian virtue and bourgeois evil until the revolution had run its course in the 1930's.

Together with its organizational and doctrinal development in the 1930's and 1940's, Chinese communism acquired a new social character—organization plus peasants—which brought it into line with the actual circumstances of the rebellious but underdeveloped East. Whereas the workers were an important factor in the Bolshevik victory in Russia in 1917, by no stretch of the imagination can Communist China be regarded as the product of a proletarian revolution. Though the Communists did make headway among the relatively small Chinese urban working class in the 1920's, they lost practically all contact with the cities after Mao's shift to the hinterland. Only two of the forty-four members of the Communist Central Committee of 1945 are known to have proletarian backgrounds.[6] Urban workers did not figure in Chinese communism until the movement was ready to assume rule over the entire mainland in 1948-1949, and then only as a subject group to be mobilized and manipulated. Chinese Communist claims that the party represents working-class leadership of the revolution are a complete sham, sustained in part by classifying rural wage-earners as "proletarians" and by appealing to the allegedly proletarian spirit of the party.

[4] See Robert J. Lifton, "Thought Reform of Chinese Intellectuals: A Psychiatric Evaluation," *Journal of Asian Studies*, XVI, No. 1 (November 1956), pp. 75-88; David S. Nivison, "Communist Ethics and Chinese Tradition," *ibid.*, pp. 51-74; and Robert J. Lifton, "Brainwashing in Perspective," *New Republic*, May 13, 1957, pp. 21-25.

[5] See Walter Gourley, "The Chinese Communist Cadre: Key to Political Control," Russian Research Center, Harvard University, 1952, pp. 46-58 (mimeographed); and Shen-yu Dai, "Chinese Communist Ideology," *Current History*, XXXII, No. 185 (January 1957), pp. 28-29.

[6] Robert C. North, *Kuomintang and Chinese Communist Elites*, Stanford, Calif., 1952, p. 120. Information is lacking about fourteen of the forty-four.

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Mao has not only carried out a proletarian revolution without a proletariat; he has waged a class struggle in large part without a struggle of the classes. Apart from inciting the peasants against anyone defined as a landlord—when it was tactically expedient to do so—Chinese communism has not fought anything resembling a class war. It has become instead a movement to discipline and regenerate the nation as a whole. The Chinese Communists have, if anything, underplayed the class factor that was actually involved in their struggle with the Kuomintang; they profess to lead "the people" against "the lackeys of imperialism," whose status is defined not by their social standing but by their political attitude toward the Communist regime. The "national bourgeoisie"—businessmen who accept Communist rule—has been protected and absorbed into the Communist machine rather than combatted as an enemy class.[7] For Chinese communism, class as such has had no real meaning at all; the key test is a mental one—can an individual or group be "remolded" to function within the disciplined totalitarian regime that the Communists have created?

To assert that Communist China has not undergone the Marxist class struggle may seem nonsense at first. The terms must be carefully understood, however, without prejudgment along the lines of the Communists' own official image of themselves. Violence and terror have certainly occurred in China on a wide scale, and it is undeniable that the regime demands an unquestioning profession of faith in the principles of Marxism. But terror does not necessarily mean class struggle, and the profession of a dogma may conceal very different practical attitudes. Detached study of Soviet history reveals that one of the distinctive features of communism is its ideological pretenses—the elaborate development of a rigorously enforced, doctrinal justification of an essentially practical-minded dictatorship. Marxism gives the present-day Communist movement its foci of allegiance and enmity, but very little else. The real nature of the Communist movement must be understood on quite another basis than Marxism and the class struggle. This is particularly true of China.

The equation of revolution and the class struggle is a Communist illusion. It is confuted by an independent appraisal of the Communist revolutions themselves. In Russia, to be sure, the Marxian class struggle was present to a certain degree in the workers' support for the Bol-

[7] The 1951 program of the Viet Minh went even farther in the nationalistic alliance of all classes, with the guarantee of rent payments to "patriotic landlords." See "Manifesto of the Viet-Nam Lao Dong Party," *People's China* (Peking), May 1, 1951, Supplement, p. 3.

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sheviks and the persecution of the upper classes, but class conflict neither defined the basic nature of the movement nor explained its development. The Communist experience demands a thorough review of the general theory of revolution. Revolutions appear to be primarily clashes not between classes, but between opposing systems of social organization and ethics and the loyalties which these or their symbols evoke.

What remains "Communistic" in Chinese communism? A great deal, if one understands the essence of the movement to be not the application of a Marxist program, but the Leninist party, unquestioning devotion to the party and its shibboleths, and an urge to triumph in their name. The Chinese comrades are devout communicants of the Communist faith. Together with this, they observe in the highest degree the principles of the Leninist party and the totalitarian control that these principles both demand and effectuate.

III. The Evolution of Communist China

The Chinese Communists differ fundamentally from the Russian Communists in having traversed most of the Russians' post-revolutionary political development before they came to power on a national scale. Their problem was only to extend their stable, doctrinally disciplined, one-party totalitarian rule to the nation at large. For the country as a whole, of course, 1948-1949 did represent a revolutionary situation, and revolutionary enthusiasm and antipathy to the Kuomintang undoubtedly drew large numbers of sympathizers into the Communist camp. These latter-day converts, however, did not give the Communist movement its character, and among the earliest measures of the Communist Party after it assumed central authority were the disciplining and re-education of revolutionary enthusiasts into reliable servants of the post-revolutionary dictatorship. If, for the purpose of comparison, we take 1949 as the equivalent of 1917 in Russia, the Chinese were politically highly precocious, although the economic and cultural development of their country was far behind that of Russia. This is the basic pattern of Chinese communism in relation to Russia at comparable times: politically more advanced, economically more backward.

The Chinese Communists in 1949 had a party machine in which unity, discipline, and monolithic communications were about as firmly established as in Soviet Russia under Stalin. Their mass ideological controls, indoctrination methods, and totalitarian psychology went beyond anything the Russians have ever attained. Their administrative

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control of the country was rather more effective than anything the Russian Communists enjoyed until 1921. While the Korean War of 1950-1953 was a severe effort for the new Communist regime, it did not involve any such internal chaos or threat to Communist rule as did the Russian Civil War of 1918-1920. The agrarian situation in China of 1949 resembled Russia in 1917, when a sweeping land redistribution was in progress (though in China it was much less spontaneous and more centrally administered than in Russia). However, in the realm of industrial and technical development China was greatly inferior to revolutionary Russia. In absolute as well as per capita terms, the Chinese industrial plant was scarcely comparable to that of Russia before its initial burst of industrialization in the 1890's. China's transportation system and the general commercialization of the economy (except for a few cities) were even farther behind.

The years 1949-1952 in China represent a period of recovery and consolidation politically comparable to 1917-1918 and 1921-1928 in Russia, without the interruption of civil war. Land reform was completed, and the part-statist, part-capitalist urban economy was restored to prewar levels of production. Even more than the Russian Communists during the NEP, the Chinese utilized non-Communist elements and private business. But in contrast to Russia at this stage, they moved on the basis of their already totalitarian party to establish firm political and ideological controls over the whole population; all elements of society were mobilized and regulated to a degree probably corresponding to what Russia attained in the late 1930's. The international conflict in Korea, as a pretext for psychological mobilization, was no doubt more of an aid than a difficulty in the establishment of comprehensive party control. Within the party there was no evidence of dissension—nothing remotely like the factional controversies and outspoken individual criticisms which characterized the Russian party in the corresponding period. (The sole exception was the purge of 1954, in which the economic planning chief, Kao Kang, fell from favor and committed suicide.) This unity is understandable, since the Chinese party, enjoying regional power and the Soviet example, had long since passed through the phase of controversy on the road to monolithic discipline.

The period of the Chinese First Five-Year Plan, from 1953 to 1957, witnessed the beginning of planned industrial development and the complete reorganization of the economy. The Chinese economic base was much weaker than that with which the Communists began in Russia in 1917, but the foundations of a modern industrial plant were rapidly laid. When the First Five-Year Plan was completed in 1957,

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China had reached or passed the absolute levels of industrial output which Russia attained in 1913 and restored around 1926. Simultaneously the Communist regime moved with its firm organizational power to carry out the same kind of systematic reconstruction of the economy that accompanied the First Five-Year Plan of 1928-1932 in Russia. With the Soviet model as their goal, but proceeding more cautiously and gradually in view of the history of Soviet mistakes, the Chinese Communists undertook the nationalization of all private business (with the former capitalists as joint owners or hired managers) and the collectivization of the entire peasantry. In China collectivization was carried out somewhat earlier than in Russia in relation to the pattern of industrial development, with a number of advantages accruing from this fact. The Chinese peasants were collectivized while the absolute rate of capital accumulation was considerably lower, and a lowering of the peasants' living standards was evidently avoided. When the more rapid industrial development of the Second Five-Year Plan (1958-1962, more comparable to the Russians' first one) was undertaken, collectivization was already accomplished and could be relied on more heavily and with less risk than in Russia (where it was decided upon and pushed through in the heat of the major industrialization effort).

Thanks to their more stable political situation and the Soviet experience which lay behind them, the Chinese were able to avoid the severe shock which Russia experienced in the early 1930's. However, in 1958, for reasons which are not yet entirely clear, the Chinese Communist regime abandoned its gradual and careful approach in economics, in order to undertake a "great leap forward" of stepped-up industrialization, supported by a new and even more drastic reorganization of the peasantry into the now famous communes. The explanation of this change must be sought not in economic circumstances but in the politics of communism.

While I have described the Chinese Communist state as a post-revolutionary dictatorship in which no further fundamental changes are to be expected (barring its possible overthrow), the question remains whether any significant evolution has taken place in the Chinese Communist movement apart from the revolutionary process. There is considerable evidence that such is the case, again with certain parallels with Soviet history.

Michael Lindsay has noted a profound shift in the Chinese Communist mentality, from the rational-empirical attitude of the late 1930's and early 1940's, toward the doctrinaire fanaticism and irrationality

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displayed by the party after it won power on a national scale.[8] Changes in this direction appear to be going on still, as Roderick MacFarquhar has shown.[9] Such an evolution resembles the political trend in Soviet Russia during the NEP and the First Five-Year Plan period, after the Communist Party had adjusted to the circumstances of post-revolutionary dictatorship. Violence in Russia culminated in the forcible collectivization of the peasants, the waste of hasty industrialization, and the Great Purge of 1936-1938. China may be approaching the same phase with the "great leap forward" and the herding of the entire peasantry into military communes.

It is important to understand that the Communist movement has undergone genuine evolution, unplanned and unforeseen, and not mere changes of tactics. This is definitely the case with Soviet Russia, though observers insufficiently familiar with the evolution of Soviet politics in the 1920's may be inclined to dispute it. The psychological disparity between Lenin and Bukharin, on the one hand, and Stalin, on the other, was enormous. According to observers like Lindsay, such change has also gone on in the Chinese Communist movement. There appears to be a general rule that Communist regimes will develop toward a crisis of violent irrationality, such as Russia experienced most intensely at the time of the Great Purge of the late 1930's. (This Communist trend from rationality to irrationality should not be confused with the earlier shift from zeal to pragmatism that is characteristic of any revolution.)

A number of factors contribute to the irrational tendency in communism. Post-revolutionary dictatorship, which at first emphasizes the pragmatic (like Russia during the NEP and the Chinese Communists in the Yenan period), seems to involve a growing need to justify its expedients and its strong-man rule by appeal to revolutionary mythology. Marxist-Leninist ideology sustains political passions, but it is hard to square with post-revolutionary conditions. The backwardness of the countries where communism has had its strongest revolutionary appeal poses serious problems of economic development such as are likely to defy rational solution and evoke irrational outbursts. These factors combined in Russia to produce rule by a tough, narrow-minded individual who responded to every challenge and difficulty with rage and violence. The history of Communist rule in China since 1949

[8] Michael Lindsay, *China and the Cold War*, New York, 1955, pp. 4-5, 71-75, 236-42.
[9] Roderick MacFarquhar, "Communist China's Intra-Party Dispute," *Pacific Affairs*, XXXI, No. 4 (December 1958), pp. 324-28.

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strongly suggests a similar trend toward attacking every problem as a political one, with the instruments of control and terror.

The Chinese experience has been further affected by a number of contingencies—events of stress which could not have been anticipated but which have evidently left a deep impression on the mentality of the regime. As a rule the Communists appear to have responded to each of these successive stresses with increased organizational rigor and greater doctrinal fanaticism—in short, by becoming more totalitarian (and thus becoming more likely to respond to the next stress with the more totalitarian alternative). The first stressful situation after Mao's consolidation of his post-revolutionary type of rule at Yenan was the guerrilla struggle with the Japanese from 1937 to 1945. This, to be sure, gave the Communists an opportunity for great gains in North China, but at the same time it accentuated the military character of the movement (much as the civil war of 1918-1920 did in Russia). Secondly came the civil war of 1946-1949 against the Kuomintang, with what the Communists regarded as substantial United States intervention on the side of their enemies. The conquest of national power followed, with the added stress of governmental responsibility. The next event, coming on the heels of the Communist victory, was decisive in confirming the Chinese Communist trend toward fanaticism—the outbreak of the Korean War in 1950. While the political calculations behind the North Korean attack and the Chinese Communist intervention can only be guessed at, the war and the threat of a Kuomintang counterattack came at a very awkward moment from the standpoint of Communist China's economic recovery and general political stability. Psychologically the war presented certain opportunities for whipping up mass emotion that the regime made the most of to develop both loyalties and controls. In the course of this, the tone of the regime became much harsher than earlier evidence had led the world to expect. Nevertheless, in the economic sphere, the Communist leadership retained its equilibrium sufficiently to undertake the collectivization, socialization, and initial industrialization of 1953-1957 with distinct moderation.

IV. The Crisis of 1956-1958

In the next-to-last year of the reorganization period, the Chinese Communist regime was confronted with a stress of a new sort—a challenge to liberalize rather than tighten up, in consequence of the Soviet repudiation of Stalinism and the East European upheaval of 1956.

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The initial response of the Chinese paralleled that of the European Communists. Under the slogan, "Let a hundred flowers bloom," divergent ideas and frank criticisms were invited, and in February 1957 Mao undertook a candid discussion of "contradictions" in the Communist system.

The pattern of events following this liberal interlude suggests that it was the occasion for a major cleavage within the Chinese Communist leadership. Actual circumstances can hardly account for the abruptness of the policy changes of 1956-1958, unlike anything else in the history of Chinese communism since Mao's rise to power. While direct evidence is scanty, it is possible that a cleavage occurred, although any present-day Chinese Communist factionalism should be compared only to behind-the-scenes intrigue under Stalin, not to the open factional struggle in Russia in the 1920's. The split, if indeed it did occur, was, as far as we know, the first major top-level disagreement in the Chinese Communist Party since 1937 (with the possible exception of economic disagreements associated with the fall of Kao Kang in 1954). It appears that a more moderate group, centered in the governmental apparatus and inclining to the more rational frame of mind of the previous decade, was able to seize the occasion of de-Stalinization in Europe to press for greater leniency in China.[10] Mao himself may have taken this course for a time. However, the effect of liberalization, as soon as it began to be taken seriously, was an alarming outburst of criticism in the spring of 1957. This subjected the regime to yet another unexpected stress, and the party's response was to turn once again in the totalitarian direction. Inference strongly suggests that another faction, based on the party apparatus and distinguished by a fanatic and disciplinarian approach, took advantage of the moderates' embarrassment to press its own views upon the party. Whatever the reason, the fact is that the liberal interlude was rudely ended in the summer of 1957, as most of the "hundred flowers" were found to be "noxious weeds." A wave of attacks on "rightists" found its targets in incautious critics and insufficiently disciplined members of the non-Communist front parties. In the fall the sweeping "rectification" campaign was launched under the direction of the General Secretary Teng Hsiao-p'ing, a newcomer to the top leadership. The obvious goal of the campaign was to restore the organizational and ideological discipline of the party and of the nation in all its rigor.

MacFarquhar's hypothesis of a rising tough faction of party officials

[10] See *ibid.*, pp. 325-30.

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led by Liu Shao-ch'i against the moderates of the governmental hierarchy backing Chou En-lai is supported by a number of events of 1958. At the second session of the Eighth Party Congress in May 1958, Liu emerged as the chief programmatic spokesman, to proclaim a much-intensified economic development program, the celebrated "great leap forward." The Second Five-Year Plan, begun only in January 1958, was extravagantly revised. This was followed in the fall of 1958 by the startling program to reorganize all rural China into large-scale military communes. Early in 1959 Liu gained top prestige by replacing Mao as Chairman of the Republic. Meanwhile his reputed rival, Chou En-lai, had lost ground when he was relieved of the foreign ministry by Marshal Ch'en Yi in a ministerial shake-up in February 1958.

To the extent that the factional hypothesis is sound, there is a remarkable parallel between the events in China in 1956-1958 and the period of Stalin's struggle with the Right opposition in Russia in 1928-1929. There is nothing startling about this, if it is taken as a manifestation of two Communist regimes in similar circumstances and at corresponding stages of development. In both cases the problem was how to bring the political power of the Communist apparatus to bear on the problem of economic development. The Communists in both cases fell into two categories: those who were more concerned with the problems as such—the rationalistic moderates—and those who believed in the omnipotence of the apparatus. Thus, if the factional theory is correct, Chou En-lai corresponds to Bukharin, and Liu Shao-ch'i to Stalin. In both the Russian and the Chinese case, the conflict was brought to a head by disappointing food deliveries —Russia in 1927-1928 and China in 1956-1957—which created the problem of collecting enough surplus from the peasants to support the plans for intensive industrialization.[11] We know the outcome in Russia and can infer it for China: the extremist faction (or "sloganeers," as MacFarquhar styles the rising Chinese group), made up of the people who controlled the party apparatus, won the controversy by virtue of this control, and put their policy into effect. In both cases this has meant industrialization at an irrationally high tempo, and the forcible reorganization of agriculture (violent collectivization in Russia and abrupt communization of the carefully collectivized peasants

[11] David Rousset, in "The New Tyranny in the Countryside" (*Problems of Communism*, VIII, No. 1, January-February 1959, pp. 5-13), discusses the disappointing political and economic performance of the Chinese agricultural co-operatives and the evidence of a party controversy on this issue prior to the commune decision. See also Choh-ming Li, "Economic Development," *China Quarterly*, No. 1 (January-March 1960), pp. 42ff.

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in China). In a sense, Chinese communism is being Stalinized for the second time and to a higher degree, on the foundation already laid when Mao consolidated his power in the middle 1930's.

The ascendancy of an aggressive faction and the presumed eclipse of Chou En-lai may well be connected with the renewed toughness in Communist China's foreign policy. In every direction, with respect to the Soviet bloc no less than to the Asian neutrals or the United States and its allies, China has taken a markedly less compromising and more self-assertive stance since 1958. Chinese pressure was fairly evident in the tightening of Communist bloc discipline against "revisionists" and the renewed condemnation of Yugoslavia in the spring of 1958. The policy of reasonableness toward the Asian neutrals, established with the Chou-Nehru agreement on the "five principles" of coexistence in June 1954, the Geneva settlement for Indo-China in July 1954, and the Bandung Conference of April 1955, was cast to the winds in favor of the forceful seizure of immediate advantages—the crushing of Tibetan nationalism, violation of the Indian frontier, encouragement or condoning of Communist guerrilla activity in Laos, and pressure politics regarding the sensitive issue of the Chinese community in Indonesia. The year 1960 saw mounting expressions of a Chinese challenge to Soviet leadership in the Communist bloc and to the formula of "peaceful coexistence."

The policy changes of 1958 were of major significance for China's internal development. The country has been thrust forward into a new period of rapid development under intense political pressure. The industrial plans for this period roughly correspond to or somewhat surpass the work of the First Five-Year Plan in Russia: the creation of a substantial heavy-industrial base, financed by national belt-tightening and the collective farm deliveries. Something of the Russians' irrational target-setting and statistical manipulation infected the Chinese at least momentarily, and the government abashedly had to scale down its claims and plans in the summer of 1959.

With respect to its institutional structure, China has undertaken an entirely new development in the current period with the establishment of the communes. The reaction of the Soviet and other European Communist leaders has been less than enthusiastic; Mikoyan and Khrushchev have both noted that Soviet Russia experimented with communes in the early days and abandoned them. However, an important distinction between the two cases should be pointed out: the Russian experiments were more or less spontaneous instances of

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utopian fervor which were not equipped to make human nature adapt forcibly; the Chinese commune system represents not idealism, but the ultimate in bureaucratic control over the population. It was made clear in the programmatic resolution of August 1958 that the communes were not to be regarded as representing the Communist ideal, and that the members would be paid wages on the basis of their work. The commune system would seem to be the creature of the ultra-disciplinary mentality uppermost in the Chinese Communist Party since the rectification campaign of 1957 set in. Countercurrents soon appeared, however, with the Central Committee resolution of December 1958, which recalled Stalin's protest of "dizziness with success" during the Soviet collectivization drive in 1930. Plans for communal living and eating in the Chinese communes, for example, were notably curtailed. At this writing it is impossible to foresee whether China will fall back upon the Soviet model of society or go on to a different, more completely totalitarian form.

A major distinction which can already be observed in the development of the Russian and Chinese Communist economies lies in the spacing out in China of developments which came about violently and simultaneously in Russia between 1929 and the mid-1930's. Mass political control and indoctrination were realized by the Chinese in 1949-1952; socialization of the entire economy was accomplished in 1953-1957; intensive industrial development now follows. Thanks to its pre-formed revolutionary regime, Communist China has so far experienced none of the political turmoil which characterized the first two decades of Soviet Russia. The Chinese Communists have much more staggering economic problems, but they have been able to deal with them on the whole more carefully and more gradually than did the Russians.

At present the main question in assessing the Chinese Communist regime is whether it will continue to follow the law of Communist political evolution which I have suggested. This would carry the Chinese in the direction of a fanatical attack on complex problems by clumsy political means, and end in the bloody orgy of a Stalin-type Great Purge. The trend of events since Liu's apparent ascendancy certainly points in this direction. It would not be at all surprising if (perhaps after Mao's demise) there is a sweeping purge of Chou En-lai and the more moderate Communist leaders, on the familiar ground of a "rightist" deviation. However, almost every writer on the Chinese economy stresses the delicacy of the population-food-indus-

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try balance and the need for very careful planning by the government. The commune system involves a sweeping upheaval in the traditional Chinese way of life (heavily dependent on the close-knit context of the extended family and the ancestor cult) without commensurate benefits of economic abundance, and this threatens to cause mass pauperization and anomie.[12] Some recognition of these dangers, as well as the problem of incentives, may have underlain the relaxation in the commune regime in the winter of 1958-1959. In any event, if the Chinese Communist Party returns to its agrarian problems with anything like the extreme of fanatical violence and irrationality that Russia experienced under Stalin in the later 1930's, China's far more critical economic situation may lead to catastrophe and overwhelm the Communist regime altogether.

V. Communism and Asia

It has appeared to many observers that Chinese communism is strikingly different from the European branch of the movement, and quite independent. The differences do not appear so great if one considers the actual nature of the Soviet system and its departures from Marxism. Neither Russia nor China is in any meaningful sense a "dictatorship of the proletariat"; the proletariat had something to do with events in Russia, but nothing at all in China. In both Russia and China, Marxism is enforced as an obligatory faith which masks or excuses the policies of the regime but plays no part in its guidance apart from focusing hostility on the capitalist West. In his manipulation of Communist theory and in his formulation of Communist practice, Mao has gone only a little farther than Stalin and in the same direction. The contrast between Mao's China and the Marxist model is only a more sharply etched version of the divergence of theory and practice that characterized Stalin's Russia.

If the Communist embodiment of Marxism has today a special relevance for the countries of the East and their aspirations to national power and modern economic standards, this is due to the refashioning

[12] F. L. K. Hsu in *Under the Ancestors' Shadow: Chinese Culture and Personality* (New York, 1948) demonstrates the key place of the family and the ancestors in the Chinese peasant's life. Germain Tillion in *Algeria: The Realities* (New York, 1958) develops a general theory of the pauperization and degeneration of peasant societies which are upset by modernity but are not quickly raised to a higher standard of living. Albert Ravenholt in "The Chinese Communes: Big Risks for Big Gains" (*Foreign Affairs*, XXXVII, No. 4, July 1959, pp. 573-86) observes peasant morale and effort already sagging as a result of the commune system.

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of communism that Stalin accomplished in the early years of his power in Russia—above all, at the time of the First Five-Year Plan. In essence, Stalin converted communism from a movement aiming at the radical redistribution of wealth to a movement aiming at the creation of wealth or productive capacity by applying the coercive power of the party organization. Converted to the new productionist emphasis, communism became not the successor to capitalism but its rival in carrying out the industrial revolution in tardily developing countries.

At the same time, communism as a revolutionary doctrine and revolutionary movement exercises a major psychological attraction in the nations of the East. To people who are experiencing the crisis of incipient industrialization simultaneously with the disconcerting and often demoralizing impact of an alien culture and the passions of new-born nationalism, communism offers a uniquely well-fitting though irrational set of satisfactions. It is anti-Western in the sense that it attacks the capitalism and imperialism that have represented the face of the West in Asia; it urges Westernization in the sense of industrial and cultural development, and promises the nation new power on this basis; it provides the political and economic power for bringing such changes about. As the Chinese experience illustrates, Asian communism is not based on a class-struggle strategy or appeal; it is primarily a movement of belligerent nationalism. Communism did not create this mood, but has built upon it; China outdoes Soviet Russia by a wide measure in its hostility to the West. The emotional appeal of communism naturally means much less to the impoverished peasants than to the resentful quasi-intelligentsia. The latter, however, are the political class in most underdeveloped countries, and so well-tailored to their impulses does the Communist alternative seem that one can only wonder why Asian communism has not made greater advances than it actually has.

The Communist movement which Lenin founded in Russia has been Easternized. This change was accomplished in two stages, by Stalin and Mao respectively. In the course of this development of Communist practice, the principles of Marxism by which the movement professes to govern itself have been proved completely irrelevant. The fundamental propositions of the materialist conception of history have been confuted by the new type of productionist state socialism developed by Stalin and Mao. In present-day communism, the political superstructure is not a reflection of the economic base,

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but its creator; political power and inspired willful leadership become the prime movers of history. How far such forces can move the recalcitrant Asian peasant and his traditional society without causing social and economic disintegration is the decisive question which the next few years will answer.

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ECONOMIC REGIONALISM RECONSIDERED

By LINCOLN GORDON

DURING the decade of the 1950's, considerable popularity was won for the idea that the restructuring of the world economy into regional blocs would mark a great forward step in international economic relations, and might also help resolve certain major international political problems. As the new decade begins, and as a new Administration takes office in Washington, it is timely to reappraise the validity of this idea. To do so is not to suggest that regionalism is the most important aspect of foreign economic policy for the new decade. There come readily to mind at least five other major topics: aid for economic development; stabilization of international markets for primary products; the policy of advanced industrial countries toward imports of low-wage manufactured goods from developing countries; the treatment of trade and aid activities of the Communist bloc; and the reduction of the balance-of-payments deficit of the United States. With respect to broad structural relationships, however, the future of economic regionalism is evidently a matter of special importance.

I. The World Economy Today

Any reappraisal of economic regionalism must start with a review of the present structure of the world economy. In undertaking such a review, it is useful to bear in mind the last effort at comprehensive definition of American foreign economic policy, which was made in the closing years of World War II when the "Bretton Woods system" was devised.[1]

The essential aim of that system was to promote expanding world trade and international investment through the orderly removal of commercial and financial restrictions, supplemented by new international institutions to help tide countries over short-run difficulties and to facilitate necessary adjustments and transitions. Quantitative restrictions on trade were to be forbidden; tariffs were to be progressively reduced

[1] I use this term to include the general approach to trade and investment reflected in the draft ITO charter, and later partly incorporated in the GATT, as well as the monetary and financial arrangements negotiated at Bretton Woods in 1944. The Commission on Foreign Economic Policy (Randall Commission) made a broad review of the whole field in 1953, resulting essentially in an endorsement of the Bretton Woods system by the new Administration and by a majority of both parties in the Congress.

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through international negotiations and applied on a most-favored-nation basis; currencies were to be freely convertible at fixed exchange rates; and exchange control was to be limited to regulations against short-term speculative capital movements.

Non-discrimination was the characteristic hallmark of the system. It was positively hostile to economic regionalism. It tolerated the existing preferential systems of the British Commonwealth, the Franc Zone, and the U.S.-Philippines-Cuba area, but it forbade new preferences and obviously accepted the old from necessity rather than choice. The only permissible new exceptions were to be full-fledged customs unions or free trade areas in which all internal barriers to virtually all trade among the participating countries would be abolished. These provisions were intended to take care of such cases as Benelux and the abortive Franco-Italian and Scandinavian customs unions then under discussion.

Where does the world economy actually stand, and how does its structure compare with the framework developed at Bretton Woods? The answer must distinguish among four broad categories of countries: (1) the high-income and industrialized free countries, including North America, Western Europe, Japan, and perhaps Australia and New Zealand; (2) the Communist bloc of Russia, mainland China, and Eastern Europe; (3) those less-developed countries described in GATT reports as "semi-industrialized"—Argentina, Brazil, Mexico, Finland, Yugoslavia, India, and South Africa;[2] and (4) the non-industrialized free countries—the rest of Asia, the Middle East, Africa, and Latin America.

THE INDUSTRIALIZED FREE COUNTRIES

The industrialized free countries contain about a fifth of the world's population and account for almost two-thirds of world trade (including Communist bloc trade in the total). These nations today are enjoying many of the fruits of the Bretton Woods system. It is in some ways paradoxical that the movement for economic regionalism has gone farthest within this group, in the form of the European Common Market and the European Free Trade Association.

For these countries, trade is at record levels. Currencies are stable and generally convertible. Quotas on imports (except for agriculture) are largely gone and are in sight of being totally abolished. There are few restrictions on long-term capital movements and even short-

[2] GATT reports usually classify Australia with this group, but its income levels are so much higher than the others and its degree of industrialization is already so substantial that it probably fits better into the first category.

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term capital is fairly free. There is some concern about the adequacy of international liquidity, but for the moment the combination of IMF resources and continuing United States balance-of-payments deficits has prevented this problem from becoming acute. The tariff levels of these countries are generally much lower than in the 1930's and are still showing a downward trend. A whole series of arrangements for *ad hoc* economic policy co-operation within this group has been devised, including the OEEC, the IBRD and IMF, United Nations specialized agencies,[3] export control consortia (COCOM and CHINCOM), creditors' clubs to consider aid to India and to assist stabilization programs in Spain or Turkey, etc. These various forms of co-operation are presumably now to be reinforced by the creation of the Organization for Economic Co-operation and Development (OECD).

By and large, the domestic economic performance of these countries has been quite satisfactory. The rates of growth in most of Western Europe and Japan have been remarkably high. Canada and Australia are both enjoying prodigious developments of their natural resources and very rapid industrialization. If growth rates in the United States have been less than desired, the limitations have certainly not arisen from our international economic arrangements. In Europe, not many years ago, the balance of payments was the critical bottleneck even for economic recovery, to say nothing of long-term growth. Today, for the moment at least, the balance of payments no longer occupies the forefront of attention.

Has the new European economic regionalism, represented by the treaties of Rome and Stockholm, had much to do with this happy situation? So far as trade barriers are concerned. the answer must be in the negative.[4] Perceptibly lower barriers within these groups, as compared with their external tariffs, became a fact only in July 1960. From the viewpoint of investment decisions and business psychology, the European Common Market (and, to a much lesser extent, the Outer Seven) has indeed had a major effect. On balance, however, it is evident that the principal causes for the astonishing

[3] The IBRD, IMF, and UN agencies, of course, all have memberships far broader than the group of countries under discussion, but they have provided important opportunities and instrumentalities for co-operation among the advanced industrialized nations. There is a basic fallacy in the widely held view that policy co-operation among a group of countries can be organized only through agencies with membership restricted to that group.

[4] As pointed out below, however, the earlier phase of European regionalism, in the form of European-wide trade and payments liberalization, did play a most important part in European recovery from 1950 to 1958.

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prosperity of the new Europe antedate the new European trading arrangements.

Nevertheless, European economic regionalism is one of the most significant developments in the postwar world economy, and it poses a serious challenge for American foreign policy-making. The possible lines of response are discussed in a later section of this article.

THE COMMUNIST BLOC

The Communist bloc, with over 30 per cent of the world's population, now accounts for slightly over 10 per cent of global trade and its proportion seems to be gradually increasing. It constitutes an anomalous exception to the Bretton Woods system, not participating in that system's international institutions and not following its rules. It represents, indeed, a rather dramatic instance of one type of economic regionalism.

The United States is unlikely to have any perceptible influence over its internal development. On the external side, we must be prepared to see some further increase in Soviet bloc purchases of food and raw materials from underdeveloped countries, and substantial further exports of capital goods from the Soviet bloc. In particular cases there will be the danger of undue economic dependence on the Soviet bloc, and a consequent need for collective Western action to forestall this situation or at least to provide an alternative for the underdeveloped country in question.

Something can probably be done, in addition, to prevent the Soviet bloc from using its full weight as a monopoly buyer and seller in driving excessively hard bargains with the divided forces of the free world trading partners. It is unlikely, however, that any practicable way can be found of forcing Soviet trade into conformity with a set of rules based on private trade and competitive markets, and surely we do not want to organize collective trading monopolies on the free world side for buying and selling operations with the Soviet bloc. In general, we should neither strongly oppose nor deliberately promote the expansion of Soviet bloc trade with the free world, reserving active opposition for cases of threatened undue dependence.

THE SEMI-INDUSTRIALIZED COUNTRIES

The third group of semi-industrialized nations contains just under one-fifth of the world's population and accounts for only 6 per cent of world trade. This group is decidedly not participating in the Bretton Woods system in accordance with the policies as originally envisaged.

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They are, to be sure, members of most of the formal free world international economic institutions, but they make heavy use of the escape clauses and are often permitted simply to disregard the rules. Most of them employ import quotas and exchange controls intensively as one of their major devices for promoting industrialization.

For them, the balance of payments still constitutes a major limitation on the rate of economic growth. They remain largely dependent on foreign sources for capital goods. Their very status of semi-industrialization makes for rigidity in their import requirements, which include fewer dispensable consumer goods than the import lists of either the less-developed or the more-developed countries.

Except for Finland and Yugoslavia, it is noteworthy that these semi-industrialized nations are all large countries geographically, with a fair diversity of natural resources, and their domestic markets are all of significant size. Their attitudes toward economic regionalism have been mixed. Argentina, Brazil, and Mexico are all signatories to the recent Treaty of Montevideo, although none has been a leading proponent of Latin American integration. The political positions of Finland and Yugoslavia have prevented them from participating actively in the new European economic arrangements. India has been lukewarm toward schemes of South and Southeast Asian economic regionalism.

THE NON-INDUSTRIALIZED FREE COUNTRIES

Finally, we come to the non-industrialized free nations, which contain the remaining 30 per cent of the world's population and account for about 20 per cent of world trade. This group includes all of the "new nations" of Asia and Africa, except for India, as well as the Middle East and about half of Latin America. While the group is far too diverse to make any generalization strictly applicable to every member, by and large these are the nations that have benefited least by the present structure of the international economy. The foreign trade of most of them is centered on the export of one or two primary products. Except for petroleum these products have generally suffered from price and market instability and in some cases from chronic overproduction. The terms of trade of these countries are better than in the depression years of the 1930's, but substantially worse than during the eight years following World War II. They face rather bleak prospects in the balance of payments, since reasonable domestic growth rates will tend to increase their import requirements, while their export markets do not show signs

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of expanding accordingly. Economic diversification has not progressed far enough for them to meet any significant part of their developmental needs for capital goods domestically. Even the larger countries among them cannot anticipate arriving at such a state within the decade, as perhaps the semi-industrialized countries may. Most of them are much too small to permit such diversification within their own borders.

Most of the new African nations, like parts of the new Southeast Asia map, are reproducing on another continent what used to be called Balkanization and might better nowadays be called Central Americanization. With only two exceptions—Nigeria and Congo (Leopoldville)—populations are under ten million. Annual national production in all cases is under $5 billion. The full economic disadvantages of this situation may not be felt for some while, because of the sheltered markets with which certain of these areas are associated. The former French imperial areas are mostly starting their independent existence within the French Franc Zone and with special trading ties to France; the former British possessions are likewise mostly continuing their association with the Sterling Area and the Commonwealth preference system. Parts of Latin America have had a kind of *de facto* sheltered market arrangement with the United States, especially since the withdrawal of many European enterprises during World War II. But these are unlikely to be stable arrangements over the long term.

The question arises whether some new form of developmental regionalism should not be deliberately promoted in these areas and, if so, just what form it should take. A later section of this article is devoted to this question.

II. European Regionalism and American Policy

The movement for European economic integration must be judged more in political than economic terms. A decade ago, when this movement was given major new impetus by the Marshall Plan, it was widely believed on both sides of the Atlantic that economic integration was indispensable to economic recovery. In retrospect, this belief has clearly turned out to be mistaken.

There is little doubt that the OEEC program for the dismantling of European economic bilateralism, the progressive elimination of import quota controls, and the parallel removal of exchange controls under the European Payments Union, capped at the end of 1958 by

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general convertibility of currencies, played an important part in Europe's spectacular postwar economic progress. The more far-reaching economic integration represented in the Customs Union and Free Trade Area arrangements now moving toward implementation will also have important, and generally positive, economic results. But these arrangements were not necessary either for achieving balance-of-payments equilibrium or for sustaining impressive economic performances far beyond prewar levels.

The OEEC program differed from the newer developments in two major respects: it covered the whole of Western Europe and it was a temporary step on the way to a global system. These all-European arrangements have now nearly disappeared, the only remaining vestiges being a dwindling handful of import quotas and the inconsequential European Monetary Agreement. The Common Market and Free Trade Area, on the other hand, are intended to be permanent. As now constituted, they inevitably involve some mutual economic rivalry and antagonism, and this has in turn led to a disturbing degree of political friction.

What are the major economic consequences of the Common Market? It has already resulted in a surge of industrial investment, both domestic and foreign (largely American), and this should stimulate Continental European economic growth rates to even higher levels. There is a new atmosphere of competitiveness, productivity, and dynamism. On the trade side, there will soon be significant diversions of sources of supply, favoring intra-Common Market exporters at the expense of other European and extra-European exporters.

Certain of our own exports will suffer in this process, but it is to be hoped that the higher growth rates will, at least in the longer run, compensate for these losses by even greater gains. The extent of losses and gains, for us and for others, will be greatly affected by the level of the Common Market's external tariff; it behooves us to bargain as vigorously as we can to make this tariff as low as possible. We will be at some relative disadvantage in economic negotiations with the Common Market acting now as a single bargaining unit—technically, because the Common Market will become a "principal supplier" of so many items, and in bargaining power terms, because the Common Market will be so large a unit.

All this analysis is common ground which has been frequently reviewed. It can be summarized by saying that the Common Market was not an indispensable condition for European economic prosperity, but that it promises to contribute substantially to the further eco-

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nomic strength and growth of its members. But while economic in content and having important economic consequences, the Treaty of Rome was essentially a political creation. American policy toward it has been primarily shaped by political considerations, and should continue to be so.

The immediate problem which confronts us in this connection is the division of the European economy among the Six of the Common Market, the Seven of the Outer Free Trade Area, the five "fringe countries" of free Europe which are members of neither (Greece, Turkey, Ireland, Iceland, and Spain); the special cases of Finland and Yugoslavia; and the Soviet bloc in the East.

Evidently, the Outer Seven grouping was created in reaction to the Common Market and in hopes of improving the prospects for a free Europe-wide accommodation of some sort or other, possibly along the lines of the abortive free trade area proposals discussed in the OEEC in 1957 and 1958. It seems clear that any such accommodation would also provide readily for association of the "fringe" group and would not have an impossible task in developing satisfactory arrangements with Finland and Yugoslavia. For the decade of the 1960's, it should probably be assumed—albeit regretfully—that a change for the better in the position of the Eastern European satellites is not a promising prospect.

The essential policy problem for us can be stated as one of four alternatives:

(1) To continue to support the Common Market, but to permit or encourage the Seven to break up so that economic relations between the Six and the rest of Europe will be on the same terms (negotiated in GATT) as relations between the Common Market and ourselves and other non-Europeans.

(2) To support both the Six and the Seven, trying to minimize frictions between them and between either of them and the rest of the world.

(3) To promote some form of all-European[5] economic integration, either through the other Europeans joining a modified common market arrangement, through establishment of a European-wide free trade area, or through some intermediate solution in which the Six might act as a unit within the larger whole.

(4) To create and participate directly in some form of Atlantic Community common market or free trade area, comprising Western

[5] The term "all-European" is used to refer to all of Europe west of the Communist bloc.

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Europe and North America together, again either absorbing the Six or having the Six act as a unit within the larger group.

This listing omits the fifth conceivable alternative of trying to break up the Six, since that course of action is neither feasible nor desirable, and has no perceptible support in this country or in free Europe.

Our policy during the year 1960 has fallen somewhere between (1) and (2). It has supported the Six vigorously; it has tolerated the Seven but rather reluctantly; it has aimed at minimizing friction between the Six and the Seven as long as the Seven exist, but limiting such adjustments to negotiations in the GATT which preserve the most-favored-nation principle. It appears that Washington would view the collapse of the Seven with no regrets, but would view the collapse of the Six as a major political calamity.

The division in Europe creates substantial economic problems for those European nations whose trade is heavily concentrated in the Common Market area. Greece and Turkey are trying to resolve these problems by negotiating some form of special association with the Common Market. Switzerland and Sweden, on the other hand, would greatly prefer an all-European arrangement, taking into account their political position of non-alliance and their economic ties (especially in the Swedish case) with Britain as well as the Continent; it was they who took the lead in promoting the formation of the Outer Seven. British economic interests in the Common Market are proportionately less than those of the nations already mentioned, but they are large in absolute terms.

From the economic viewpoint, the Benelux countries and Germany would also like to see the Common Market tied into some all-European arrangement, although on political grounds Germany has tended to support—at least until mid-1960—French opposition to this course of action. In Benelux, there is preference for a wider European association for political as well as economic reasons; since the ties of the Low Countries with Britain are close, they fear Franco-German domination of the Six, and many of their leaders believe that their adhesion to the Common Market was obtained on the explicit understanding that an all-European free trade area would be promptly negotiated.

The Common Market Commission in Brussels, on the other hand, the political groups in the various countries most actively supporting the concept of European federation, and (for reasons of its own, of a somewhat different character) the French government have thus far

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opposed any all-European association except a straightforward joining of the Common Market by the outsiders. Until recently, this course of action seemed ruled out for Britain and most of the others, although in recent months a number of influential Britons have come to support the idea of joining some form of European Common Market and there are many indications of a new fluidity in the British governmental position.

The United States appears to have supported without qualification or reservation the position of the Brussels Commission, partly on the ground that any all-European arrangement at the present stage might weaken the cohesion of the Six and reduce the likelihood of ultimate political federation among them, and partly on the ground that any form of European-wide free trade would involve greater discrimination against American exports and would put further pressure upon an already weak American balance of payments. It is argued that the economic disadvantages to us of the formation of the Common Market itself are more than offset by the political gains of a Continental European federation in embryo, but that since a wider European economic arrangement has no federative intent, it would possess no political advantages to offset the economic disadvantages.

In my opinion, this position is shortsighted and mistaken. The basic objectives of American foreign policy will be better served by making one of our cardinal goals during the coming years the promotion of the concept of an increasingly cohesive grouping in the whole of free Europe. This need not necessarily be in substitution for the Six. It would leave open the question whether the Six would lose meaning as a special entity. That would, of course, be the result if the all-European arrangement took the form of having the other principal European nations join an enlarged and somewhat modified Treaty of Rome, but various intermediate solutions are also conceivable.

The main reason for this conclusion is that all-European integration, even if less intensive in scope than might be achieved by Six-nation integration, promises over the long run to act as a force in the world more closely allied with basic American objectives than does a new political unit limited to the Continental Six. And in the perilous situation which threatens to confront us in this decade, it is essential that Western Europe, which is the other major free world center of advanced production, technology, and leadership in ideas, be fully on our side—not a would-be "third force."

There have been three political purposes for American endorsement of integration among the Six: Franco-German reconciliation; the

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anchoring of West Germany to a larger entity on the Western side; and the forging of an important power unit which could be a significant political and economic (and perhaps, in some circumstances, military) pole of attraction for other European countries. But there are also some serious political dangers in the development of the Six. Its three major members all have fairly recent histories of extreme political instability. In Italy, the present political position is unpleasantly reminiscent of some aspects of the early 1920's. In France, there is one-man rule by popular acclaim with no firmly established machinery to assure a satisfactory democratic succession, and no likelihood of developing such machinery unless and until the Algerian issue is settled. In Germany, there has been under Adenauer a willingness to accept French international leadership, despite Germany's stronger economic position, but it is hard to believe that this attitude will extend to future German governments. Even under the leadership of those two political giants, de Gaulle and Adenauer, there has been some tendency to promote Continental cohesion by emphasizing separateness and hostility to the "Anglo-Saxon bloc." While Adenauer has fortunately not harbored third-force ideas, de Gaulle has often referred in his Delphic manner to a Continental third force as a "mediator" between the Anglo-Saxons and the Soviets.[6]

From the viewpoint of assured identification with long-run American foreign policy objectives, the basic internal social and political forces in Britain, Scandinavia, Switzerland, and the Netherlands give much greater assurance of common outlook than do the corresponding forces in Italy, France, and Germany. These firmly established democracies, with a minimum of internal social friction and no longer with significant imperial or other external territorial ambitions, constitute our most natural allies. We do, of course, also need—and need desperately—Germany, Italy, and France as allies. But they are much more likely to be reliable allies if the framework of their integration includes Britain and the smaller stable democracies than if it is limited to the present grouping of the Six alone.

It may be asked why the Atlantic Community should not serve as this larger vessel to contain the Six and to ensure their continued collaboration with American leadership and the Western cause. On the military side, NATO constitutes such a container, and with appropriate strengthening policies it can be made a fully satisfactory

[6] A similar attitude has occasionally been advocated by left-wing leaders of the British Labour Party, but it may be significant that this advocacy has been associated (not necessarily causally) with a decline in their national following.

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one. On the economic side, however, there is a fundamental difference. The fact is that the whole of Western Europe is now prepared to envisage reciprocal free trade for industrial products. It is true that no European country is prepared to envisage free trade pure and simple in agricultural products, but some form of European-wide agricultural policy can probably be worked out.

Could Atlantic-wide industrial free trade be envisaged including the United States and Canada? In other words, could the United States itself join in an Atlantic Community customs union or free trade area? On strictly economic grounds, this might be possible without excessive strain or distortion, but there is no prospect of it in realistic political terms during the 1960's. Any such move would have to be preceded by a further prolonged phase of progressive and genuinely reciprocal tariff reduction, by experience with some sort of domestic mechanism for softening the adjustment to tariff reductions, and perhaps by a period of observation to see that Europe is able to absorb European-wide free trade with much less disadvantage and much greater advantage than protectionists there have traditionally believed. In other words, an Atlantic-wide Common Market might be a target for the 1970's, but it is not a promising policy for the 1960's.

Is Outer Europe prepared to go as far politically as the Europe of the Six? The most enthusiastic "Europeans" clearly believe not, since they have regarded some form of political federation of the Six as a realistic goal within the foreseeable future—a goal for the present generation. They have felt, probably justly, that Britain and Norway would be unlikely candidates for such federation within this generation, and that Switzerland, Sweden, and perhaps Austria would be impossible ones. It may be questioned whether the ardent "Europeans" do not seriously overrate the prospects of federation among the Six themselves. If there is a real prospect, certainly we should not oppose it. On the other hand, it is so vital to the United States that a more integrated Europe be a forceful and firm ally, not weakened by internal cleavages or subverted by third-force illusions, that we should give at least equal, and probably higher, priority to the promotion of the wider European unity.

Short of actual political confederation, economic integration, even in a free trade area, implies a great deal of harmonization of economic and financial policies. Here again, the chances of this being done effectively on an all-European basis are much greater than on an Atlantic-wide basis. The very constitutional arrangements in Europe,

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with parliamentary cabinets everywhere now except in France, make this form of collaboration much easier than for the United States. Perhaps more significant, the relative importance of domestic and foreign economic considerations in shaping financial and other economic policies is much more heavily weighted on the domestic side in the United States than in the European countries, and our ability to undertake binding international commitments at the possible expense of domestic interests is correspondingly smaller.

It follows that we should now actively promote some form of economic integration on an all-European scale. What form should it take? The answer has to be sought through negotiation, but it may well lie somewhere between the original British proposals for a European free trade area and the opposite extreme of simply expanding the Treaty of Rome. That treaty would require some modification in any event if it were enlarged to the whole OEEC area. On the other hand, a greater harmonization of external tariffs than originally contemplated by the British would appear indispensable to an actual agreement. There would doubtless have to be provision for continuation of at least some Commonwealth preferences in the British market, but a protocol to the Rome Treaty now permits analogous special treatment of East German trade with West Germany. On the institutional side, the Rome Treaty is likewise more flexible than is often supposed, with the delegation of sovereignty being less prescribed by the text than left to future evolution. At the moment, the institutional balance in Brussels is inclining away from the "supranational" Commission and in favor of the "intergovernmental" Council of Ministers.[7]

During the summer of 1960, there were important indications from both sides of a new movement toward a European-wide arrangement. On the British side, government spokesmen in the House of Commons debate on July 25 for the first time recognized explicitly the impossibility of securing agreement on a simple European-wide industrial free trade area, identified the specific areas of difficulty (Commonwealth preference, agricultural policy, and commitments to the Seven) which would require adjustment to permit British membership with the Six in a customs union, and declared their desire to negotiate on these points. In August, Chancellor Adenauer announced his support for some form of governmentally negotiated accommodation. The Action Committee for a United States of Europe, led by

[7] On this point, see Miriam Camps, *Division in Europe*, Policy Memorandum No. 21, Center of International Studies, Princeton University, June 15, 1960.

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Jean Monnet, endorsed full British membership in the community of Six, stressing the flexibility of the community's future institutional development. Benelux enthusiasm for some all-European settlement continued unabated.[8]

The attitude of the Brussels Commission apparently remained cool, and that of the French government was necessarily unknowable until it was declared by General de Gaulle. The technical obstacles to a workable all-European solution are formidable, but none appear insurmountable if the political will for a solution is forthcoming. At this juncture, a change of American position from one of passivity, or of unreserved support for the Commission's views, might well be the crucial makeweight for a successful outcome.

The economic implications for the United States of an all-European arrangement are in the short run undoubtedly more unfavorable than the sum of the disadvantages of the Six and the Seven taken separately. How serious they are obviously depends on the level of the external tariff or tariffs of the grouping. A free trade area arrangement would involve separate tariff bargaining by the members other than the Common Market group. This would be advantageous for us from the bargaining viewpoint and would also provide the built-in pressures toward tariff lowering inherent in any free trade area scheme.[9] But we should certainly not oppose a European-wide customs union if it can be negotiated. As in the case of the Common Market itself, some of the short-term disadvantages of trade diversion will be offset in due course by the larger market opportunities inherent in more rapid European economic growth. Moreover, association with the European Common Market of a number of additional countries with low-tariff traditions, such as the Scandinavian nations and Switzerland, would facilitate bargaining for lower tariffs on the part of the group as a whole. In any event, the political advantages of consolidating the Six and the Seven are so great, as compared with any marginal economic disadvantages, that the balance of interest for the United States clearly favors consolidation.

An all-European arrangement would require the solution of a number of specific problems. Formulas would have to be found to include Sweden, Switzerland, and Austria without compromising

[8] For a vigorous presentation of this viewpoint by a former senior Belgian official, see Baron Snoy et d'Oppuers, "Towards a European Solution," *Lloyds Bank Review* (London), July 1960.

[9] This arises from the fact that the easiest way to avoid internal trade diversions caused by differential tariff levels within a free trade area is for the higher-tariff members of the group to lower their rates to the levels of the lower members.

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their political neutrality. Special conditions would be required for membership of the "fringe countries" and for relations with Finland and Yugoslavia. None of these intra-European problems appears insuperable. The overseas territories, on the other hand, raise major issues of foreign economic policy which will be discussed below after consideration of economic regionalism in the less-developed areas of the world.

III. Developmental Regionalism

Economic regionalism in the underdeveloped areas is much more rudimentary than in Europe, more obscure in purpose and uncertain in content. The most definitive cases so far are the Latin American Free Trade Area Treaty of Montevideo (the seven members are Argentina, Brazil, Chile, Mexico, Paraguay, Peru, and Uruguay); and the Central American Free Trade Area of Guatemala, Honduras, Nicaragua, and El Salvador, paralleled by the broader but vaguer economic integration program of these four countries together with Costa Rica.[10] In addition, there have been discussions of some seriousness concerning common market or free trade area arrangements in North Africa, West Africa, Southeast Asia, and the Middle East, but only the last-named shows much current promise of developing real substance.

The basic economic conditions in all of these regions contrast dramatically with those of Europe, the differences far outweighing any resemblances. Economic interdependence among the European countries was very great before the recent integration movements. The countries were connected by a dense network of low-cost transportation and communications, and there was a high degree of specialization based on intra-European trade. This is reflected in the fact that for the smaller European countries imports or exports amount to as much as from 30 to 50 per cent of total national production, and for the European Common Market countries as a whole, intra-regional trade is about 30 per cent of their global trade. In these circumstances, the effects of European economic integration are to consolidate and intensify an already substantial degree of interdependence, to stimulate competition within the area, and to attract modernizing investments.

[10] For a succinct summary of the Latin American arrangements, see "The Emerging Common Markets in Latin America," *Monthly Review* (Federal Reserve Bank of New York), September 1960.

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In the underdeveloped regions—Latin America, Africa, the Middle East, or South and Southeast Asia—there is very little intra-regional trade. The foreign trade of these nations consists essentially of exchanging primary products for manufactured goods from the advanced industrial countries. The trade routes and internal transportation systems are oriented toward the ports for trade with Europe and North America (or, in some cases, Japan) rather than for trade with neighbors. In Central America, despite the tiny size of the nations involved, intra-regional trade amounts to only 3 per cent of the total; in Latin America as a whole, the proportion is only 10 per cent. And such trade as does exist consists largely of agricultural or mineral specialties concentrated in one or another country for geographical reasons.

In these circumstances, would regional economic integration have effects or purposes similar to those in Europe? Is it proper to apply to these areas the GATT rules concerning customs unions and free trade areas, which were devised originally to care for new potential groupings among small numbers of European countries? If not, would regional economic integration serve other constructive purposes, and should not new sets of ground rules and policies be devised, looking specifically toward these purposes?

As stated above, the most important objectives of European economic integration, especially among the Continental Six, have been political in character. This is also true to some degree in the Latin American, African, and Middle Eastern cases, notably the latter. The likely territorial and political developments in these regions during the 1960's, especially in Africa, are very difficult to forecast. There are certain integrating tendencies, but there are also very strong disintegrating tendencies, including tribal divisions, personal power rivalries, and differing degrees of association with former metropolitan powers in Europe. Meanwhile, an almost appalling problem is being created by the establishment as sovereign units of a very large number of separate countries which are small in area and population and poor in resources. Much of their very limited supply of trained personnel may be diverted to diplomatic and United Nations representation, the military officer corps, and other non-productive trappings of national sovereignty. As economic units, they have no prospect of viability except as members of some wider grouping—regional, ex-imperial (British Commonwealth or French Community), or global.

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Yet all of them are rightly preoccupied with economic development as one of their major objectives. All want to diversify their economies, to improve agricultural productivity, and to industrialize. Theoretically, if there were a world-wide approach to free trade under the GATT rules, economic development could take place in all of these sovereign units on the basis of comparative advantage without regard to their small size. The fact that each had its own central bank and right to issue currency might be of some concern, but in the mythical ideal world, their participation in the International Monetary Fund would be sufficient assurance of orderly financial administration.

In practice, however, potential investors are not likely to be confident of the financial or other economic policies of very small new countries. Moreover, it can be predicted with some assurance that most or all of these countries will seek to promote industrialization through protection of domestic industry from foreign competition. The protection may take the form of import quotas, high tariffs, foreign exchange controls, tax differentials, outright subsidies, or administrative measures, but it will certainly take place. Nor is it clear that this is unsound policy. Even the most orthodox economists recognize the validity of the "infant industry" argument for protection as a means of stimulating economic development, and this has now been supplemented by recognition of the importance of the "external economies" flowing from a cluster of developing industries and services —something which might be called an "infant economy" argument.

In these circumstances, the realistic question is whether such protection will be based on the very small markets of the individual sovereign units, leading inevitably to inefficient small-scale production and the frustration of many developmental opportunities, or whether it will be on a regional basis with some promise of adequate market size and investment scale, and even some hope for competitive pressures within the regional areas. These are the most pressing reasons for fostering deliberately a form of "developmental regionalism." If, in the long run, it would also work toward the political aggregation of countries which are obviously too small for the modern world, so much the better. In the short run, however, any successful political regionalism in the underdeveloped countries is likely to be organized by political (or, in some cases, military) means rather than growing in an orderly way from experiments in economic integration.

In this connection, it is interesting to note the general conclusion of the International Economic Association that a population of from ten to fifteen million generally constitutes the minimum size of nation

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suitable for development of heavy industries, and that the major industrial economies of scale are unlikely to be achieved by a nation without a relatively high income and a population of at least fifty million.[11] In terms of markets, these two significant breaking points in the scale of national sizes might be taken as gross national products of about $50 billion a year (the order of magnitude now existing in France, Germany, and Britain) and $10 billion. In free Asia, only India (with its enormous population of 400 million people and a GNP of about $26 billion) surpasses the lower of these two limits; in Latin America, only Mexico and Brazil do so, and both are under $15 billion; and in Africa, no nation does. It is also significant that Mexico, Brazil, and India are all in the "semi-industrialized" group. These simple facts indicate the importance of formulating a positive policy for developmental regionalism.

Desirable as they might be, it is unlikely that many underdeveloped countries will be prepared to join in full-fledged customs unions or free trade areas. Most of these countries are not yet able to be as mature about their nationalism as the ancient European nations. Moreover, to the extent that industry already exists, its owners are likely to exert very heavy pressure against free competition from a group of neighbors. A practicable policy of developmental regionalism will have to devise more limited forms of integration. The various Latin American projects and experiences provide considerable guidance on this matter, both positive and negative.[12]

The essential elements are twofold. First, in the fields of basic infrastructure, which are normally financed nowadays through public investments—especially in transportation systems and river control, and occasionally in electric power supply—the developmental planning and the working out of individual projects should be designed to overcome the artificial barriers to regional trade arising from economic conditions of the colonial type. A systematic policy drive to this effect by the various aid agencies, including the World Bank, the Inter-American Development Bank, the Development Loan Fund, the Export-Import Bank, the U.N. Special Fund, etc., could do a great deal to bring about this result.

Secondly, in the private sector, the important thing is not so much free trade for the handful of existing industries as it is the assurance of

[11] E. A. G. Robinson, ed., *The Economic Consequences of the Size of Nations*, New York, 1960, pp. xvii-xviii.

[12] This is especially true of the complex plan for a Latin American common market developed by ECLA, with its three categories of countries, three classes of commodities, and annually renegotiated, reciprocally balanced, tariff preferences.

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region-wide markets for new industries—which clearly means free trade for such industries within the region and may also mean protection from outside competition. This should be the central aim of a new policy for developmental regionalism.

The Montevideo Treaty provides assurance of free trade after twelve years only on commodities now traded, which are by far the least important part of the total potential. The treaty also permits the addition of new sectors to the common list; it is this provision which gives room for hope that the plan may prove genuinely constructive. A more dynamic American policy toward Latin American economic development should certainly include the encouragement of such a trend. In the Central American case, where there has been much discussion of the planning of "integration industries," the arrangement goes too far in the direction of pre-planned balance. It reflects a predilection for planning the development of individual projects in the private sector in great detail, overemphasizing the importance of conserving capital and avoiding wasteful investment, and seeking to assure technical, geographical, and social balance at every stage. What is wanted for the private sector, within the framework of some very broad priorities, is an institutional setting which will encourage risk-taking, experimentation with market possibilities, determination of most efficient scale through trial and error as well as armchair projections—indeed, the whole armory of advantages of decentralized initiative which can be expected to be the major contribution of private business to the developmental process.

What emerges from these considerations is a readiness to accept and to support regional agreements for sectoral free trade, especially for the new industries it is hoped to attract and develop in the various regions. The GATT rules should be amended so that underdeveloped countries would no longer be expected to observe the all-or-nothing provisions now governing the formation of customs unions and free trade areas. And the influence of the advanced countries, in the administration of aid programs and otherwise, should be directed toward encouraging the widest possible use of the amended rules. Potential investors, foreign or domestic, would naturally support this objective. Wherever possible, such arrangements should not provide deliberately for the protection of monopoly producers, although it must be recognized that in developing regions, just as in developing single countries, many industries in their early stages will of necessity be one- or two-company affairs.

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This type of regionalism could be of great value in removing a serious obstacle to industrialization posed by the very small size of so many of the new countries and a fair number of the old ones. Miracles should not be expected, however. Developmental regionalism is probably a necessary condition, but certainly not a sufficient one, for the accelerated growth rates which are urgently required.

IV. Interregional Relations

The general shape of the world's economic structure to be aimed at in the 1960's, then, aside from the Communist bloc, would include an all-European grouping with internal free trade, the United States as a kind of economic region in itself, and various degrees of developmental regionalism in various groupings of underdeveloped countries.

With respect to the industrialized groups, it is of great importance that external tariffs be low, and that the aim of global free trade for industrial products among the advanced countries be kept steadily in view and be progressively achieved. This is significant not only for the prosperity and growth rates of the two large regions, but also for the accommodation within the system of a number of important countries, such as Canada, Australia, and Japan, which do not readily fit into one of the free trading areas. Hopefully, some of the semi-industrialized nations will be gradually moving into this category as time passes. To achieve this objective, a new type of tariff-bargaining authority will probably be required for the United States, but this is a topic which lies outside the scope of the present article.

As between the advanced and the underdeveloped regions, the critical question is whether there should be preferential inter-bloc arrangements. The British system of imperial preference at one time was of great significance. Commonwealth preference for United Kingdom exports has been steadily decreasing over the postwar period, but almost all Commonwealth goods continue to enjoy free entry into Britain and this fact certainly influences the direction of trade. A major new addition to inter-regional preferences results from Part IV of the Treaty of Rome, which provides for the association with the European Common Market of the overseas territories of France, Belgium, the Netherlands, and Italy. Most of these territories have become or are becoming sovereign much sooner than foreseen when the Rome Treaty was negotiated. The new nations will of course be free to decide whether they want to maintain association with the Common Market grouping, but they will undoubtedly be under heavy pressure to do so. Here again the

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American attitude toward these arrangements may be decisive in determining the actual outcome.

If the special economic relationships between European countries and their former colonies (e.g., between France and both West and Equatorial Africa) were to be regarded as permanent, there might be some logic in broadening the European side of these relationships from individual countries to the new economic community of Six. In the typical contemporary pattern, the relationship is two-sided, involving special responsibilities of the metropolitan area for technical assistance and public investment, as well as sheltered (and inherently discriminatory) arrangements for private investment and for trade in both directions. As a long-term system, however, it raises very serious problems, both economic and political. It is of questionable value for the underdeveloped areas concerned; it contains vestiges of the colonial relationship which are natural targets for nationalist attack and Soviet exploitation; and its durability is therefore highly uncertain.

The United States would be well advised to use its influence against such arrangements, avoiding their expansion and working toward the dismantling of those now in being. This does not imply any effort to disrupt existing trade connections or to discourage the greatest possible contribution in technical assistance and other forms of aid from former metropolitan countries to the newly sovereign nations who welcome such aid. On the contrary, the assets of experience and understanding developed during the more enlightened phase of colonialism may be indispensable to the success of early developmental efforts. What is objectionable, however, is exclusivity and special privilege in such arrangements. The indicated course of action, therefore, is not to erect new barriers in the advanced countries to imports from developing ones, but to universalize the free (or low-tariff) entry now given to the favored colonial or ex-colonial areas. The alternative is another line of economic cleavage and source of friction in the free world.

A portent of this danger can be found in the legitimate concern already expressed by both Latin American and Asian tropical producers at the prospect of preferential access for African coffee, cocoa, cotton, bananas, and other such commodities into the European Common Market. It is difficult to see any justification for the resulting new discrimination by Germany in favor of Africa and against Latin America and Asia. Such action indirectly damages American interests and has no visible relevance to the objective of European political cohesion.

By the same token, the United States should be disturbed at the prospect of new discrimination in Africa against its own capital

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goods exports, not merely in bilateral relationships between former colonies and metropolitan countries but now also in favor of supplies from the whole Common Market, notably including Germany. In order to accelerate economic development, African regionalism to encourage its own industrialization should be fostered along the lines already suggested here. But this is an entirely different matter from inducing the African nations to discriminate against certain free world sources of capital goods, thereby losing the advantages of free competition among suppliers.

Politically, the whole idea of "Eurafrica" threatens to create new frictions and antagonisms within the free world. Consider the case of coffee, which is one of several primary products of the underdeveloped world faced with the prospect of very severe long-term surpluses. If Africa and Latin America become embroiled in a major coffee war, and if Europe develops a permanent preferential system to support the African side in such a war, there will be strong pressure on the United States to give similar preferences in the Western Hemisphere.[13] Apart from the direct disadvantages of this sort of economic warfare, it could create an intolerable situation for other countries who happen not to be protégés of either of the big regional blocs. Such unattached underdeveloped countries are much less able to take care of themselves than Canada and Australia among the more advanced countries.

It follows that the United States should press for general adherence to a policy of inter-regional non-discrimination, under which the industrially advanced groups would give equal access to food, raw materials, and manufactured goods from all underdeveloped areas, and the underdeveloped regions would, to the extent that they were protecting infant industries, protect them on a uniform basis from all comers and offer to all outsiders equal facilities for sales of capital goods and for investment. Where primary-product market instability requires some sort of internationally organized intervention in the markets (as I believe it does through buffer stocks in the case of certain minerals and through production and export limitations in such cases as coffee), the advanced countries should co-operate in these arrangements on a free world-wide basis, again without discriminating in their treatment of individual underdeveloped countries.

[13] In this connection, the situation would be even more difficult if arrangements for merging the European trading blocs included the type of suggestion published in *The Economist* on July 2, 1960, calling for "perhaps a new joint policy towards Africa giving both ex-French and ex-British territories free access to the whole European market for their cocoa and coffee."

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V. American Participation in Regional Blocs

It remains only to recapitulate briefly what has already been suggested above concerning direct American participation in regional economic arrangements. As among the industrially advanced nations (the "Atlantic Community" idea), such participation would be economically desirable, but it appears politically out of the question for the present decade. It is not at all clear that Europe would now accept free trade with the United States, and it is virtually certain that the United States would now refuse free trade with Europe. If tariffs on industrial products of both of these large economic areas can be progressively reduced, we might hope to reach a situation toward the end of the decade in which they both approach external free trade on a world-wide basis. The issue of special trading blocs would then, of course, no longer arise. And this would avoid, among other difficulties, the charge that the United States was discriminating in favor of the already quite rich against the very poor, in those cases where underdeveloped countries are direct competitors of Europe.

The other suggestion in this field which is advanced from time to time is a Western Hemisphere common market or free trade area, including the United States (and presumably Canada) as well as all twenty Latin American republics.[14] In my view, this proposal is neither desirable nor feasible. It would cut across the developmental aspirations of the industrializing nations of Latin America, nations whose governments differ in many economic policies but agree on the importance of protecting their infant industries from being throttled at birth by massive American competition. The very proposal would raise charges of a new form of economic imperialism from the "Yankee colossus of the north." It would also be open to the same kinds of objections with respect to this hemisphere that the Treaty of Rome raises for the Eastern Hemisphere.

A Western Hemisphere common market would imply discrimination by the United States against supplying countries of Africa and Asia, many of whom are even poorer and politically more vulnerable than the countries of Latin America. We do indeed face a major task of demonstrating our economic brotherhood with Latin America, but there are better ways to do this than engaging in systematic commercial discrimination against our friends elsewhere in the world.

[14] See, for example, Rockefeller Brothers Fund, *Foreign Economic Policy for the Twentieth Century*, New York, 1958.

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GERMAN DEMOCRACY IN THE 1950's*

By OTTO KIRCHHEIMER

HOW stable, how deep, or how genuine is German democracy? The only answers we can provide at present are almost embarrassingly simple; but if instead of trying to arrive at answers we go into the further questions that the questions above raise, the picture becomes more complex—and more interesting.

To start with the obvious: as long as economic trends continue to be by and large favorable, and as long as the balance of power between East and West does not shift so disastrously to the disadvantage of the West as to start a general run into the camp of the East, Germany will hold its place on the side of other Western industrial societies. It will continue as a stable and viable country governed with a maximal adherence to the practice of constitutional democracy.

We are all familiar with the favorable circumstances that have allowed the Federal Republic to re-enter with éclat the ranks of politically mature industrial societies, societies which their adversaries honor with the name of monopoly capitalism and which we rather prefer to call—both for their partial fulfillment and for their promise—welfare states. The major favorable circumstances were: the very degree of physical destruction, creating a seemingly boundless demand for both capital and consumer goods; the availability of a skilled, docile, and industrious reservoir of labor, coupled with the total exhaustion of the workers' resources, depleted by devaluation, physical destruction and expulsions, and the consequences of a harsh currency reform that was socially discriminatory but marvelously effective in spurring reconstruction; the loss of poorer agricultural regions that for a long period had been an economic drain and, perhaps worse, a political liability; the absence, in the initial stages, of a native army, allowing the economy to concentrate on reconstruction and the conquest of foreign markets; and last, but not—with a side glance at Weimar history—least, the neat division of initial responsibility which gave over-all political leadership to a *grosso modo* benevolent American overlord, leaving the Germans free to gripe and, more important, to push reconstruction with complete singlemindedness of purpose. All these factors worked together to produce a Germany that even in its

* This article is a slightly adapted version of a paper presented at the Princeton University Conference on Germany, March 15-16, 1960.

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truncated form belongs in the front rank of Western industrial powers, equal to England and surpassing France in all tangible ways.

Such a Germany necessarily shares traits and problems with the other advanced Western industrial societies. The first that comes to mind concerns the transformation of politics into administration. This is not meant in the obvious sense that any policy to be carried through must be translated into administrative practice. It concerns the decreasing role of political struggle over domestic policy. The more an industrial society is able to fulfill the expanding desires of a growing number of its members, not just of a limited number of privileged groups—such as the famous labor aristocracy of the imperialism debates of an earlier period—the less intense is the political struggle between social groups. What counts now is battling for shares in an increasing social product in a society whose accepted philosophy assumes the beneficial effects of continued increases in total effective demand. This is a much less strenuous and bitter affair than the struggle to alter the division of a stationary social product or the concomitant attempt to convince the people at large that the whole system should be scrapped.

In the German society, as in most other Western nations with a high population density, the very patterns of daily living are dependent on the solution of technical problems whose urgency overshadows ancient and more divisive quarrels. In a somewhat grotesque sense, Engels' and Lenin's utopian prediction of the administration of things instead of the domination of men has found a certain degree of confirmation in the realities of Western industrial society. The social problems of this industrial society do not necessarily jibe with traditional political quarrels.

Parliament is not an especially handy organ for the supervision of the administrative process nor does the opposition, the essential element of every parliamentary regime, have a very large role to play when it comes to solving technical problems. Parliamentary divisions have not much to contribute to the solution of the foreign and international problems which overshadow the life of the nation as a whole, with nobody standing to gain from catastrophic miscalculations and mistakes. Even without Adenauer, the role of Parliament was therefore bound to be as much reduced in Germany as it has been in other Western countries. The parties likewise have lost ground. The reduction of the SPD—or shall we call it an advance?—from a group having a program resting on intellectual analysis of situations in the light of societal development schemes to an American-style "democratic" party

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pushing the image of an alternative *Kanzler*, together with a catch-all election platform, is just another manifestation of this over-all lowering of the political temperature in an administrative society.

Under such circumstances, the focus in which problems are considered may shift in ways not always expected or calculated. To give two recent examples: Some time ago the German Bundestag, fearful lest the build-up of armed forces would lead—Weimar style—to the loss of civilian control, adopted a Swedish model. It created the position of an Army Commissioner, responsible to the Bundestag, with whom every member of the armed forces could lodge complaints without the need to go through channels. Among the 3,300-odd complaints received during the first year of operation, a few were related to the officers' mismanagement of subordinates, but the emphasis of the great majority rested on hardships suffered by the soldiers' families, and especially their children, from service-connected transfers or on disputes over financial benefits.[1] An institution created as a device for political control has by and large turned into another of the proliferating networks of formalized remedies for private problems that constitute one of the essential features of present-day German society.

Another illustration: Under the Weimar Republic, former members of the Federal cabinet received transitional pay, calculated according to the number of months they had served in office, to ease their passage back into private life. Today a minister, once he has passed his fifty-fifth birthday and has been in office for four years, gets a full pension on retirement. Some might think that this shows a peculiar concept of political office closer to pre-French Revolution thought patterns. It makes the elimination of unfit political personnel, as the Oberländer case has clearly shown, dependent on criteria that lack political relevance. But like the complaints to the Army Commissioner, it illustrates a facet of life important to the understanding of the present West German situation: privatization.

What is government to the citizen of the German variant of industrial mass society? Except for the fleeting moment of election time, once every four years—or twice, if the citizen cares to vote in state elections—concepts of general policy do not loom on his horizon. Seventy-one per cent of a representative sample had not attended a political meeting since 1945; 48 per cent said they have never, in private discussions, even casually or occasionally alluded to political

[1] See the official report of the Army Commissioner, Drucksache 1796, April 8, 1960, Deutscher Bundestag, 3. Wahlperiode.

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subjects.[2] They may well be among the readers of *Das Bild*, the most characteristic German paper, with a national daily circulation of 3 million, or of the weekly *Hör Zu*, with a 3.6-million circulation, which started as a radio log and now serves to transfigure the small man's world; compared with these, any of our tabloids look like highly intellectual affairs. The fact that, according to one of the most informative polls, carried on over many years, approximately one-third of those interrogated thought that most federal expenditures went either to the new Bonn buildings or to the salaries of the Federal cabinet,[3] shows to what extent public affairs are visualized from the point of view of a more familiar private world. It also indicates the tremendous job facing elementary education.

In this view, the federal state is the branch of government with which one is primarily concerned. For the German entrepreneur, whether large or small, the state means first and foremost the people who draw up and administer the income tax legislation. In 1957 German industrialists were therefore less interested in the remote possibility of an SPD victory than in whether after the election they would be able to get rid of a CDU Finance Minister who was overfond of thinking in étatist terms—which they did. For the German worker, the main concern may well be the organization and operation of the official health insurance scheme—as Labor Minister Blank found out to his discomfiture in early 1960, when both trade unionists and physicians descended on Bonn in force to defeat his reorganization schemes. This is the range of problems with which the German citizen is most concerned and which his interest organizations, interlocking closely with parliamentary factions, handle with perseverance and success.

Two of these organizations need special mention, as each takes on an all-embracing job. The first is the Federation of German Industry. By subscribing to a considerable part of both the day-to-day and the election expenditures of the non-Socialist political parties—paid out according to a prearranged allocation system[4]—it exercises some kind of regulatory function over them. This does not mean that the Socialists get no industrial manna at all, but they get less and in a more decentralized way. Nor does it mean that money will buy everything.

[2] Gerhardt Schmidchen, *Die Befragte Nation,* Freiburg, 1959, Table 7.

[3] *Ibid.*, Table 44.

[4] The working of the system has recently been described in an interview by its main architect, Gustav Stein, manager of the Federation of German Industry (*Der Spiegel*, November 4, 1959, pp. 22-31). The implications of a government bill, introduced to implement, at least in form, Art. 21 of the Basic Law, requiring party funds to be made public, have been thoroughly and penetratingly discussed by Theodor Eschenburg, in "Das Geld der Parteien," *Der Monat*, May 1960, p. 31.

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It does mean however that, exactly as in the days of the Weimar Republic and until its very end, industry largely determines which non-Socialist parties participate effectively in the political process. It has facilitated the smooth carrying through of those programs in which industry is most interested, e.g., writing tax laws in such a way as to facilitate the reconcentration process, to split stock without tax liability for the new issue, to delay cartel legislation almost endlessly and ensure that the legislation finally adopted (in 1957) almost totally excludes control over concentration and makes for only a mild supervision of cartels, and that studded with specific exceptions. This mechanism is least influential in terms of social policy. The formulation of that, owing to the need and the chances of the socially heterogeneous majority party to garner at least a certain per cent of the labor vote, continues to be a delicate balancing act to a large extent performed within the majority party, subject to the ultimate arbitration of the key politician—at the moment, the Chancellor.

Thus, if labor's position in the political setup cannot be neglected, it is, as in many other industrial nations, somewhat off the center of the political stage. The Federation of Trade Unions has no less than 6.5 million members, comprising about 27 per cent of the labor force. But its members' most relevant experience takes place within the framework of the individual factory or office. Neither theorems of the constitutional regime in the factory nor the largely abortive practice of codetermination have changed the worker's inclination to visualize his concrete world in terms of "us" and "them." "Them" relates here to those above the worker, to everybody outside his immediate experience, from the section chief to the trade union-nominated labor director and to other members of management. The workers' careful concretism, fastening attention on the proximate, leaves the unions in only conditional control of the workers' loyalty and makes them cautious and slow-moving. The political question in regard to labor is how to deal with its lack of aggressiveness and self-confidence rather than any inclination toward radicalism and experimentation.

German society has not only been privatized; it has been secularized. General conditions in urbanized society, as well as the large variety of living patterns that earlier emerged from the cascades of newcomers, have continued to blur the differentiations between Catholics and Protestants, including differentiations in structures of consciousness and conceptualizing, even though there is no longer a National Socialist state pushing consciously toward such results.[5] Denominational dif-

[5] Some data on absence of religious differences in mobility patterns may be found

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ferences may have been leveled even more than regional differences, which persist especially under rural conditions. In both respects, however, there is a cleavage between the official order of things and the realities of life.

Officially, Germany is a federal state, with its administration carefully split between the policy-making federal government and the states. But in reality the Federal Republic is unified. Its industrial combines, mail order houses, opinion factories, labor unions, communication and transportation system, run on a unified basis and under a common law.[6] Officially, in Germany, religious beliefs are within the province of the individual's conscience; no advantage or disadvantage attaches to adhering or not adhering to them, even though the Christian churches have the status of public bodies. In practice, official positions, from those of local officials up to the Bonn ministerial councilor, are controlled more often than not by denominational quotas.[7]

The cleavage between social reality and official political structures may to some extent produce useful challenges and desirable results. The nuclei of the German states have been formed by civil service cadres that were thrown together to represent the new states originally created to suit the needs of the occupation powers. But now they have come to form a useful counterweight to the Bonn complex. But, on the other side of the ledger, there are complicated lines of authority and inadequate handling of crucial issues, as in the field of education. There might exist even less meaningful or more dangerous systems of job allocation than denominational ties. But the official premium on religious affiliation is hardly conducive to the development of true religious feeling. The German emphasis on religion as part of the establishment is not only part of the artful structural arrangements within the ruling party. It is also a living and positive part of Germany's contemporary history, a tribute to something of a resistance role in the

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in Morris Janowitz, "Social Stratification and Social Mobility in West Germany," *American Journal of Sociology*, LXIV, No. 1 (July 1958), pp. 6, 15-18.

[6] Ample material on this question, both official and critical, may be found in the series of interesting speeches edited by O. Flechtheim, *Bund und Länder*, Berlin, 1959.

[7] The basis and practice of denominational quotas are discussed in Thomas Ellwein, *Klerikalismus in der deutschen Politik*, Munich, 1955. In a particular instance the courts may annul some extreme consequence of the denominational quota system as it affects public institutions. Cf. the decision of the Constitutional Court of January 29, 1960 (*Juristenzeitung*, 1960, p. 407), granting a student unaffiliated with either the Protestant or the Catholic Church access to the facilities offered by the teachers' colleges in her home state that were organized on a strict denominational basis; but most of the denominational quota arrangements, especially in the field of public office, operate in spheres safely outside court control.

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days of the National Socialist regime. But even so, there remains a slight suspicion that the German establishment, including the official opposition (which woos the churches almost more than the reigning party[8]) is drawing heavy promissory notes on an invisible moral capital—which may itself turn out to be smaller than is commonly assumed.

There exists today a greater amount of basic consensus in German society than at any previous time in this century. This fact has been reflected in the greater prestige and the universal esteem granted the judiciary. This does not mean that German judges always make life easy for those, including the federal administration, who have to deal with them. Members of the commercial community hold forth vociferously on the totally impractical standards by which some judges are measuring mild cases of influence-peddling, a seemingly all-pervasive habit which has left a trail even to the doorstep of the Chancellor's anteroom. But judicial interpretations vary and the issue is far from decided. At any rate, the unsettled frontiers between private and public morality might lead the administrators, if given the chance, to move over more quickly to the greener pastures of the business community, a shift facilitated by that community's practice of establishing generous pension systems of its own.

One of the most difficult jobs with which the German public order has burdened the judge is the case load arising from the banning of extremist groups, especially the Communist Party. By and large, the courts have handled the issue with patience, tact, and finesse. The contrast with their sorry record under both Weimar and the National Socialist system is striking. Even though interpreting rather broadly the vague legislation for the protection of the state, the judiciary's conduct of trials has in general been irreproachable and its sentences—until recently—mild. Everything, including the exemplary reserve shown in interparty discussion and combat, has been done to avoid making a show of political repression. Under circumstances where serious security problems do exist—the DDR can put as many *agitprop* functionaries and professional spies on the job as seem worth its hard currency funds—the inevitable loss which political repression brings to any country practicing it has been relatively low.[9]

[8] Rüdiger Altmann's *Das Erbe Adenauers* (Stuttgart, 1960, pp. 114-15), imaginative in its critical sections, but full of platitudes in regard to recommendations for Germany's future policies, contains some interesting hints on how the CDU, emphasizing purely practical and tactical issues, has always managed to keep in the good graces of the Catholic Church, and how the SPD's attempts to find an ideological meeting ground never got to first base.

[9] Official German sources estimate the number of agents from East Germany and the Soviet bloc working in West Germany and West Berlin at 16,000 within any given year, with 80 per cent of them in the service of the East German regime. The

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At the top of the judicial system there is an innovation: the Constitutional Court. Its all-embracing jurisdiction not only keeps under its wing federal-state, government-opposition relations, but gives each individual the right to attack the constitutionality of any law, administrative act, or judgment once other remedies are exhausted. Equipped with such substantial power, the court has not given way to the illusion that all political problems can be juridified. It has not wantonly cramped the style of the federal government.

Dr. Arndt, the chief lawyer of the SPD, more often than not has come back empty-handed from his frequent trips to Karlsruhe to attack the constitutionality of governmental programs. The mere possibility of such trips, however, has somehow helped to mitigate the inevitable frustration for the SPD of ten years as an opposition party. In the epic struggle against remilitarization, Arndt fought a skillful delaying action. And he won his fight to outlaw the crude piece of class legislation that would have allowed German industry to take the cost of its system of party financing completely off its tax returns.[10]

The court showed laudable firmness when it withstood the indignant outcries of the professional mouthpieces of the civil service. Twice it refused to accept the thesis of legal continuity between the National Socialist civil service and the present establishment. Thus it gave a public lecture on the true character of the National Socialist state—not often done these days—while keeping the members of the worst National Socialist organizations from collecting benefits and pensions.[11]

The mere fact that literally anybody can go to Karlsruhe—even though it may take the ordinary individual half a decade to arrive—adds a new and favorable aspect to the German political picture. Juridification of human relations—what I have called "establishment of a universe of claims"[12]—can go too far. Witness the increasing number of unlucky candidates in university exams or parents whose children flunk in lower schools and who hale the professor or teacher—mostly without much success—into administrative court.[13]

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annual quota of losses, including both defectors and those apprehended by the authorities, is between 2,400 and 2,600. If one adds to their number the clandestine agents of other states, one arrives at figures which certainly are higher than those for the bona fide West German political personnel. In magnitude alone this is a new phenomenon inevitably contributing its share—as a sheer matter of protection—to the all-pervasive official character of German politics of our day. The figures are taken from *Frankfurter Allgemeine Zeitung*, June 29, 1960, p. 2.

[10] *Entscheidungen des Bundesverfassungsgerichts*, VIII (1958), p. 51.

[11] *Ibid.*, III (1954), p. 58; VI (1957), p. 132.

[12] *World Politics*, VI, No. 3 (April 1954), p. 311.

[13] There is a substantial body of administrative court decisions and learned comment discussing which elements of the examination process "are not accessible to

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This situation, in which the immediacy of personal contacts must yield to an artful system of impersonal balances and jurisdictions, may represent a late and endangered stage of civilization. Yet this is taking the grand view and considering our civilization as a whole. Within the narrower German context of the 1950's, it has been a vital part of the new system's ability to give its citizens a feeling of security and stability. Polls, which show only the sketchiest knowledge of legislative and administrative processes on the part of the German citizen, indicate a higher degree of both familiarity and satisfaction with the working of the courts.[14]

German democracy then is characterized by its stability, depoliticization, and privatization, its turning over government to the political professionals, working hand in glove with the men of the various well-organized and well-heeled interest groups, all acting within a framework of reasonably well-enforced constitutional restrictions.[15] One wishes that one could close on this note of relative confidence, but there is another note demanding to be heard. To what extent does this united front of government and people, in some measure symbolized by the slogan of *Das Bild*: "Be nice to each other,"[16] cover up some deeper fissures? Could it be that danger has only been removed to the larger theater of inter-German relations, to the war of position fought day in and day out between the Federal Republic and the East German regime? To measure the deeper currents of the German political system, lacking as it now seems in its former turbulence, one must realize that problems which by silent consent have mostly gone unanswered in the Federal Republic are thrown at it uninterruptedly—to be sure, in a demagogical, distorted, grossly exaggerated, and super-dimensional form—by the official masters of the DDR.

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legal evaluation." See, e.g., the decision of the Verwaltungsgerichtshof Bebenhausen, reprinted in *Juristenzeitung* (1959), p. 67.

[14] Rudolf Frohner, "Die Deutschen und der Rechtsstaat," *Die neue Gesellschaft*, No. 6, 1959.

[15] For a more pessimistic view, see Adolf Arndt, *Das nichterfüllte Grundgesetz*, Tübingen, 1960.

[16] One of Germany's younger political critics and poets (Hans Magnus Enzensberger, "landessprache," Frankfurt, 1960) has fixed the slogan's place in the contemporary German universe as follows:

hier geht es aufwaerts,
hier ist es gut sein,
wo es rückwaerts aufwärts geht,
hier schiesst der leitende herr den leitenden
herrn mit dem gesangbuch ab,
hier führt der leichtbeschädigte mit dem
schwerbeschädigten krieg,
hier heisst es unerbittlich nett zueinander
sein

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Does Germany's case differ here from the endless stream of ideological controversy that accompanies the cold war? What is different in Germany is that discussion does not stay on the ideological level, but more often than not turns into day-to-day administrative problems entering political life through the back door. Thus, politics in Germany in our day is both nowhere and everywhere. On the West German level it is, as I have tried to show, methodically pushed back, decontaminated of partisan connotations by the orderly interplay of the men of the interest organizations and the political professionals, with the Chancellor acting as the all-Federal coach and a whole set of referees in the courts. But at the same time politics is everywhere. Deficiencies of present-day cultural, political, and social life (real, potential, or purely imaginary), although they may in the West be waved away, or simply taken care of by the device that the Germans call *Sprachregelung* (the official way of phrasing something), can without warning be thrown back at the establishment from across the Elbe. At times, after some soul-searching, there are modifications; more often than not, the social reality of West German society is able to give the lie to the Eastern contention more effectively than any *Sprachregelung* could do.

It is an open question what changes in inter-German competition will be brought about by the consolidation[17] of the DDR regime—manifested, for example, in rising living standards[18] and in the falling-off of the rate of refugees, before the accelerated implementation of forced collectivization again reversed the trend in the spring of 1960.[19] But these changes have not been accompanied by a corresponding relaxation in the behavior patterns of the DDR.

What are the most manifest elements of political imbalance? The fact of uneasy cohabitation on the same German territory with another

[17] A balanced picture of the various elements in the consolidation process may be found in Ernst Richert, "Zur Frage der Konsolidierung des Regimes in der DDR," *Neue Gesellschaft*, VII (May-June 1960), pp. 216-22.

[18] The fact itself is not in dispute; cf. Heinz Markmann, "Die Kaufkraft in der Sovjetzone," in *WWI Mitteilungen*, XII (1959), pp. 60-68.

[19] According to official West German statistics, the number of refugees from the DDR decreased from a high of 331,390 in 1953 (the year of the revolt) to 143,917 in 1959; but the figures for the first eight months of 1960 again increased to 120,514 as against 98,094 for the same period in 1959, with 20,285 in May 1960, at the height of the collectivization campaign, as against 9,803 in February before its start. The official DDR figures for migration to the DDR from the Federal Republic were 63,076 in 1959 and 26,136 for the first six months of 1960. In spite of the noticeable impact of the collectivization campaign, the ratio of 1:3 to 1:4 for West-East migrations is smaller than the one which obtained at the beginning or the middle of the 1950's. The figure, though, is swelled by the vast contingent of returnees to the DDR—about two-thirds of the total—who had originally gone West and for one reason or another preferred to go back. Genuine migration from the Federal Republic to the DDR remains at a low level.

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German state, felt to be illegitimate, excludes the possibility of putting the German problem as a simple choice between integration with the West and reunification. The West German government finds it necessary to pursue both aims and uphold their compatibility.[20] But, at the same time, no German government can abandon the social and political premises on which the present West German setup has come to rest. Therefore it can aspire to unification only under conditions which, given the present balance of power, have unfortunately become unattainable. Hence there exists a cleavage between the political basis of the German system—its participation and integration into the Western political and military system—on the one hand, and, on the other, the fulfillment of the national goal, which could be realized in the present world only under conditions that very few West Germans would be willing to endure and that even many East Germans would not wish on the rest of Germany. Only cynics would handle this dilemma by the device of the *toujours en parler, jamais y penser*—which anyhow amounts to nothing but a concession that the problem is at present insoluble. But, however one regards it, this situation constitutes the first and heaviest mortgage on the West German political system.[21]

The second mortgage concerns the problem which Germans elegantly call *die unbewältigte Vergangenheit*, the unconquered past. Part of the stupendous absorptive capacity of the West German regime, presiding, as it does, over a political clientele with the most variegated backgrounds and views of society, rests on its collective lack of memory; there is little demand for self-criticism in a successful going concern. But problems of the past—whether in the form of the questionable background of office-holders or in the ways of constructing the historical record—still invade the present at many points. To that extent,

[20] This point is specially emphasized in Theodore Eschenburg, *Die deutsche Frage die Verfassungsprobleme der Wiedervereinigung*, Munich, 1959, p. 23, a thorough and dispassionate analysis of both domestic and inter-German problems pertaining to the various reunification proposals.

[21] This opinion seems to be shared by A. Grosser, *La Démocratie de Bonn, 1949-1957* (Paris, 1958, p. 263), the most informative of recent outside interpretations of the Federal Republic (which has the added advantage of a superb bibliography). The recent "deviation" of Karl Jaspers, clearly announcing that "Liberty has a higher priority than Reunification," while upholding the quest for re-establishment of political freedom in the DDR, writes reunification off as both an impossible and an illegitimate attempt to restore the Bismarck Empire. In addition to its moral courage, the formula may have some foreign policy advantage by diminishing both the need and the possibility for USSR pressure on Western Germany. Yet it may be an altogether unrealistic means of arresting the Sovietization of the DDR, even if it were to include a mutually acceptable *modus vivendi* in regard to West Berlin. "Reconversion" of the DDR to the Finnish model may simply be incompatible with the bloc commitments of the USSR.

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the DDR only exploits a situation which has its roots in the common German past.

I hesitate to style the third phenomenon a mortgage, as it combines both negative and positive aspects. It brings us back to the main stream of our considerations. While the technical and, though to a somewhat smaller degree, the social forms of human existence in the West have undergone immense changes in the last half-century, our political arsenal has been refurbished mainly with new dimensions and techniques of domination and manipulation rather than with—what is admittedly more difficult—new means of participation. It might therefore be a blessing in disguise that the privatized citizen of mass society, goaded by the all-pervasive influence of the mass media, has turned his attention toward consumer goods rather than the conditions and policies of his public establishment.[22] He is content to opt for parties converted by the inherent logic of industrial society into catch-all aggregates, or, like the CDU, into vast interest markets held together by the prestige of the chief and the magic of prosperity. While the arrangement has its convenience, it also has its disadvantages. If the hapless citizen of some Eastern lands is integrated to too great an extent into an often unwanted social fabric, the citizen of the West may miss political education and significant participation altogether. Political innovations that could remedy this imbalance have been rare everywhere, and all too rare in West Germany.[23] The Pandora's box of the referendum, which could have associated the citizen more closely with the conduct of general affairs of the state, is shunned by the burned children of totalitarianism. The planned innovation of codetermination, which was to give the worker-citizen a greater stake in his affairs as a producer, though carried out in form,[24] has lost most of its meaning in the recent upsurge of private business institutions.[25]

[22] The full impact of the communications revolution in Germany is still to come; the existing regional broadcasting organizations are semi-independent, public, nonprofit organizations that handle programing as a delicate balancing act of the various cultural, political, and religious interests. The need for new television channels is seized upon by both the federal government and those in pursuit of hitherto virtually untapped sources of private profit to introduce—the Constitutional Court permitting—a heavier dose of commercialism along with more stringent centralized political controls.

[23] Two of the more trenchant criticisms of present attitudes are worth being retained: Helmuth Ridder, "Die veruntreute Freiheit," *Blätter für deutsche und internationale Politik*, v, No. 3 (1960), pp. 223-27; and O. H. von der Gablentz, *Die Versäumte Reform*, Cologne and Opladen, 1960.

[24] Even the "paper" aspect has changed; somehow the unions—in spite of some 1956 legislative effort—have never been able to catch up with the effects of concentration and changes in the legal structure of enterprises. Carried through in regard to many enterprises in the steel and coal industry, these transformations had

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Privatization, representing both the successful and the problematical side of Western industrial society, may not make for the most effective, intelligent, and active citizens. But it has the value of relieving those called upon to make political decisions of unbearable emotional and irrational pressures. It discounts the illusion of the 1930's and early 1940's that violence may be a means to acceptable change. There exist contemporary democratic regimes with more rewarding and more pioneering features than the Federal Republic, with its all-pervasive *juste milieu* aspects. The 1950's will not be viewed in German history either as a period of institutional innovation or of fulfillment of what in the nineteenth century would have been called Germany's national destiny. Yet the 1950's bequeathed to the uncertain 1960's one solid asset: for the first time in a long while the German citizen has been given a chance to enjoy existence without having to fear self-propelled engines of national destruction.

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the intended side-effect of postponing codetermination still further. Many an enterprise, if continuing to retain some of its former aspects, did so by sufferance rather than by acknowledged legal title.

[25] Even that indefatigable propagandist of the so-called "free market economy," Minister of Economics Erhardt, admits now—at least for electoral purposes—the psychological and organizational shortcomings of the present setup. In what are probably intentionally vague terms, he calls for "a qualitative reorientation which on the basis of a concrete image creates a new order of priorities and new yardsticks for a balanced society." From his speech at the Karlsruhe 1960 CDU Party convention, as reprinted in *Frankfurter Allgemeine Zeitung*, May 4, 1960, p. 11.

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NATIONAL INDUSTRIALIZATION AND THE DECLINING SHARE OF THE INTERNATIONAL ECONOMIC SECTOR, 1890-1959

By KARL W. DEUTSCH and ALEXANDER ECKSTEIN*

ABOUT the beginning of the present century, the economic historian Werner Sombart proposed an interesting generalization. The share of foreign trade in total national income, he said, was bound to decline in every country as it became more industrialized.[1]

If true, this proposition should be of major interest to students of politics. As has been amply attested by political studies, such economic changes often are apt to become linked to political changes through the mechanism of interest groups.[2] Of course, such groups may be poorly organized, or misinformed, or their interests may be politically ineffective for other reasons. Nevertheless, as we shall argue at greater length below, it seems worthwhile to estimate their potential

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[1] Werner Sombart, *Die Deutsche Volkswirtschaft im neunzehnten Jahrhundert*, 3rd ed., Berlin, Bondi, 1913, pp. 368-76, 528. For some critical comments on Sombart's views, see Albert O. Hirschman, *National Power and Structure of Foreign Trade*, Berkeley, Cal., 1945, pp. 146-51.

[2] For examples of the attention devoted to interest groups by recent students of politics and international affairs, see the volume edited by R. C. Macridis, *Foreign Policy in World Politics*, New York, 1958; and for particular countries, G. A. Almond, *The American People and Foreign Policy*, New York, 1950; V. O. Key, *Politics, Parties and Pressure Groups*, 4th ed., New York, 1954; D. B. Truman, *The Governmental Process: Political Interests and Public Opinion*, New York, 1951; Raymond Aron and Daniel Lerner, *France Defeats EDC*, New York, 1957; Rupert Breitling, *Die Verbände in der Bundesrepublik*, Meisenheim, Hain, 1955; Theodor Eschenburg, *Herrschaft der Verbände?*, Stuttgart, Deutsche Verlagsanstalt, 1955; J. H. Kaiser, *Die Repräsentation organisierter Interessen*, Berlin, Duncker und Humblot, 1956; Erich Reigrotzki, *Soziale Verflechtungen in der Bundesrepublik*, Tübingen, Mohr, 1956; Hans Speier and W. P. Davison, eds., *West German Leadership and Foreign Policy*, Evanston, Ill., 1957; etc.

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power, whether they use it to the full or not.[3] Clearly, if true, this "law of the declining importance of foreign trade" would have a direct bearing on the relative weight of economic interest groups directly engaged in international trade, as against other interest groups whose main and most immediate concerns are concentrated within the domestic economy.

Sombart's thesis was explicitly intended to combat a classic doctrine of nineteenth-century free traders. This doctrine—vigorously echoed in Karl Marx's *Communist Manifesto*—had predicted in effect that international activities would grow faster in volume and importance than would those within each country, resulting in an ever-increasing internationalization of economic and cultural life. This evolution in turn was expected to promote and reward internationalistic as against nationalistic policies, and to leave nationalism either a relic of obsolete customs or a matter of irrational myth. At most, nationalism would represent a transitional stage in the development of the majority of countries and peoples, destined eventually to give way to the internationalizing pressures of long-run evolution within each country and in the world at large.

Sombart's thesis, on the contrary, seemed to suggest that the future belonged to nationalism: as national economic growth outstripped international developments, national preoccupations and interests might be expected to gain in relative importance at the expense of international concerns. As the liberal free traders and the Marxists saw mighty economic forces working toward a world economy and eventually a world community, so Sombart and his followers saw economic evolution pushing the world toward an age of increasingly national economic interests and corresponding nationalistic political concerns.

Both sides to the controversy drastically simplified a complex problem, even if all allowances are made for the sketchiness with which their positions have been summed up here. Yet they stated an issue that has remained alive. Something of the confidence of nineteenth-century liberalism has lived on in the writings of Sir Norman Angell and of a host of internationalist writers to this day.[4] Sombart's belief in the long-

[3] Cf. Harold D. Lasswell and Abraham Kaplan, *Power and Society*, New Haven, Conn., 1950, pp. 58-60, 83-84, 129.

[4] Sir Norman Angell, *The Great Illusion*, London, 1910, pp. 187-91, and *The Foundations of International Polity*, London, 1914, pp. 15-20. In these works Sir Norman assumed that the conspicuous nineteenth-century growth in international economic interdependence was still continuing at an undiminished or even at an accelerated pace. In a later essay, published in 1940, Sir Norman no longer argued that economic interdependence was rapidly growing, but rather that it had not declined: "During the century . . . [1815-1914], the world had become almost one

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run predominance of national over international growth has been echoed by some postwar German writers, and it finds partial support from a study of the declining proportion of international to domestic mail flows among about fifty countries between 1913 and 1951.[5] Furthermore, Sombart's views seem to fit the data of national economic development for several countries for which suitable statistical series are available. Sombart himself pointed to the development of Germany in the nineteenth century.[6] Domestic production conspicuously outstripped foreign trade in the United States and the USSR during the last half-century; and the decline of world trade in the 1929-1933 depression seemed to lend further plausibility to his views.

It seems useful to collect some data by which the rival theories could be tested for the period 1913-1959, and perhaps for the longer period 1890-1959.

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economic unit. . . . When [World War I] came to an end, the trade movements could not be restored to the old channels. . . . More than one economist has pointed out that the ratio of exports to internal production shows over a long period a fairly constant ratio. In spite of the rising tide of protectionism since the 1870's, the average annual growth of world trade between 1883 and 1913 was 3.6 per cent, which is practically equivalent to the yearly growth of basic production during the same time—proportions which seem to have been maintained or even bettered in the post-war years. . . ." Sir Norman Angell, "The Economics of War," in Walter Spahr, ed., *Economic Principles and Problems*, 4th ed., II, New York, 1940, pp. 616-17.

For an extreme assertion of growing international economic interdependence, see also Francis Delaisi, *Political Myths and Economic Realities*, New York, 1927, pp. 75-140. For general implicit assumptions that economic contacts would automatically and naturally tend to cut across the lines of nation states, see also Grover Clark, *A Place in the Sun*, New York, 1936, and *The Balance Sheet of Imperialism*, New York, 1936; Werner Sulzbach, *Nationales Gemeinschaftsgefühl und wirtschaftliches Interesse*, Leipzig, Hirschfeld, 1929, pp. 24-29, and *National Consciousness*, Washington, D.C., American Council on Public Affairs, 1943, pp. 57-61. In the latter work, however, Professor Sulzbach adds that "current economic tendencies" favor greater government control "and an increase of nationalism" (p. 159). Cf. also the more carefully qualified views of Quincy Wright: ". . . On the whole, general technological and economic progress increases the interdependence of all peoples . . . ," but "the rise of the new nationalism and of new concepts of social justice makes restoration of such a cosmopolitan economy [as in the late nineteenth century] unlikely" (*The Study of International Relations*, New York, 1955, pp. 250, 258). A highly illuminating empirical discussion, with findings paralleling many of those in the present study, is given in Simon Kuznets, *Six Lectures on Economic Growth*, Glencoe, Ill., 1959, esp. Table II, pp. 101-3, with reference to Rolf R. Piekarz, "Proportion of Foreign Trade in National Product and Economic Growth," unpublished doctoral dissertation (Johns Hopkins University, 1958).

[5] K. W. Deutsch, "Shifts in International Communication Flows," *Public Opinion Quarterly*, XX, No. 1 (Spring 1956), pp. 143-60.

[6] Sombart, *op.cit.* Cf. also the well-known books by Gunnar Myrdal, *An International Economy, Problems and Prospects*, New York, 1956, and *Rich Lands and Poor: The Road to World Prosperity*, New York, 1958; and his articles, "Psychological Impediments to Effective International Co-operation," *Journal of Social Issues*, Special Supplement, No. 6 (1952), and "Economic Nationalism and Internationalism," *Australian Outlook* (Sydney), XI, No. 4 (December 1957), pp. 3-50.

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I. Shares in Income and Potential Influence

Such tests should be made, even though there is reason to be somewhat skeptical about the precision with which people perceive their economic interests, and the degree to which such interests find expression in political behavior. Many students of politics agree that there is some connection between economic interests and attitudes in politics. It seems worthwhile to know, therefore, to what extent such factors of economic interest have been changing in size and direction—even though many other things must be taken into account, such as the interplay of ideologies, social and political groups, parties and interest organizations, before the actual political impact of such changes in the economic background can be traced.

The impact of such economic changes could occur through at least two interrelated mechanisms: (1) changes in the exposure of interest group members to international communications and to experiences of rewards from international transactions; and (2) changes in the size and wealth of each interest group, relative to the rest of the community.

As regards the political importance of foreign trade exposure, a suggestive result has been published by Daniel Lerner. A sample of 757 French business leaders were invited to choose between a more internationalist policy, the proposal for a European Defense Community, and a more nationalistic policy, the preservation of a French national army. Those doing no export business at all supported EDC in the ratio 2:1; among those whose export business amounted to less than half their total volume, the ratio rose to 3:1; among those exporting over half their total volume, the ratio jumped to 6:1.[7]

The political effects of changes in the size and wealth of internationally involved groups may also be large. A suggestive example might be found in the politics of Argentina. This country had long been dominated by an internationally oriented elite of landowners who raised crops and cattle for the export trade, and of long-established Buenos Aires mercantile and financial interests with substantial stakes in imports and exports. With the growth of national Argentine industries and services, of a broader Argentine middle class, and of Argentine wage earners, the relative importance of foreign trade declined and power shifted from the liberal, international, and free trade-oriented interest groups to increasingly nationalistic factions, culminating for a time in the nationalist dictatorship of Juan Perón.[8]

[7] Daniel Lerner, "French Business Leaders Look at EDC: A Preliminary Report," *Public Opinion Quarterly*, xx, No. 1 (Spring 1956), p. 220.

[8] Cf. Ysabel F. Rennie, *The Argentine Republic*, New York, 1945, pp. 317-19, 327-

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Examples of this kind should not, of course, be overstressed. Let us repeat: economic changes in themselves certainly do not "determine" political behavior, but they constitute one relevant variable in influencing a political outcome through their effect on the resources and limitations in terms of which political choices are made.

With these qualifications, we may reason as follows: each political interest group has a power base, or a power potential, somewhat proportional to the share of the national income which the members of its constituency command.[9] Thus, the *potential* power of interest groups in the political "market" may be thought of as roughly proportional to their share in the purchasing power in the national market. This purchasing power may be measured in terms of their share in the national product.

The well-known fact that many estimates of this national product—both gross and net—tend to understate the subsistence sector of the economy, particularly in underdeveloped countries, does not impair the usefulness of such income data for our purposes, since the subsistence sectors are underrepresented not only in statistics, but usually even more in politics.

We are interested, therefore, in certain changes in economic activities insofar as they constitute a potentially relevant background for political behavior. Thus we shall be looking at economic data for purposes other than that of many economists. At this stage, in particular, when we are seeking very broad background orientation, we are interested in forests rather than in trees. We are trying to estimate the relative proportions of a few large, undifferentiated flows of economic activity, rather than working out the details of particular incomes, volumes, and prices related to particular commodities, regions, smaller economic sectors, and the like with which most economists are normally concerned.

We are bound to encounter in this area many difficulties and uncertainties inherent in the large-scale aggregation of variegated data. Any results that may emerge will have to be used with very great caution even for the limited purposes of broad political orientation for which they were sought.

For advanced countries, however, the inaccuracies in national income estimates, as well as in foreign trade totals, should not be much

28, 341, 379-80. Cf. also George Wythe, *Industry in Latin America*, New York, 1945, pp. 84-87, 114-18.

[9] For the notions of "power base" and "power potential," see Lasswell and Kaplan, *op.cit.*

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larger, on the average, than 10 per cent, and they may well be less. Since it does not seem likely that all the errors will point in the same direction, some of them may cancel out, and the aggregate error for most of the series of proportions of foreign trade to income might be expected to remain below 15 per cent. We should pay a good deal of attention, therefore, even to isolated changes in the foreign trade-to-income ratio that exceed 20 per cent, either up or down; and we should treat as significant even much smaller changes that occurred consistently over time in one country, or in many countries, in patterns not readily explained by random error or by systematic bias in the data. Finally, we should remember that in a time series only those sources of error are relevant that change significantly over time. If statisticians have overestimated, say, the national income of country x, the trade-to-income ratio for that country would be somewhat low, but its rise or decline over the years could still be established, so long as the statisticians stick close enough to their error to make their estimates comparable from one year to another. This, of course, they may or may not do; but the troubles in using foreign trade-to-income ratios do not seem worse than those encountered in using any series of trade or national income statistics over time. On balance, such data are still well worth using, if interpreted with due caution.

Bearing in mind these cautions, how shall we proceed?

II. Statistical Trends in Fourteen Countries in the North Atlantic Area

One possible method would be to compare for one country after another the proportion of national exports to net national product—i.e., to national income—and to look for any changes in this proportion over time. Of course, national imports, instead of exports, could be chosen, or the sum of imports and exports—i.e., the foreign trade turnover—could be taken, or international financial activities could be included.

For our present purpose, exports have been chosen, largely because commercial exports appear to have been segregated more effectively from politically motivated economic and military aid in the export statistics of the few countries extending such aid after World War II—mainly the United States and Canada—than is the case in the import statistics of the numerous countries which received such aid without necessarily reporting it in a uniform manner. So long as in any particular country the proportions of exports to imports did not

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change significantly in the course of time, it would not matter greatly which series was chosen for comparison with total national income. It is important, however, to bear in mind the possibility of such changes; eventually it might be desirable to check any findings based on export data by analogous calculations on the import side. We have included, therefore, a number of data about import ratios and ratios of total foreign trade.

The changes in the ratio of national exports and imports to national income for a number of countries are presented in Table 1. These figures show for the period 1928-1957 a decline in the export ratio for eight of the fourteen countries—that is, for all except Italy, the Netherlands, Switzerland, Sweden, Norway, and the German Federal Republic, which is not completely comparable to the larger and relatively more self-sufficient Germany of 1928. Most of the remaining larger countries—United States, United Kingdom, Canada, and France —all show declines. The largest declines occurred in the decade of the Great Depression, between 1928 and 1938, and they were not wholly made up in the sixteen years that followed. The export ratios of Canada and Finland continued to decline even below the 1938 levels.

To be sure, the period from 1928 to 1957 could be considered in some ways as exceptional—although perhaps not more so than many other periods in history. Yet it seems worth noting that some of the changes in the structure of the world economy that were considered temporary products of the Great Depression turned out to be more nearly permanent.

Thus, in 1928 it was widely believed that the true "normal" state of the world economy had been approximately that of 1890-1913, which had been disturbed only temporarily by the effects of World War I, but which would in time re-establish itself as a kind of "natural" international equilibrium. In order to evaluate this view, longer series of data are required.

For eleven countries we have such data for the 1913-1957 period. The T/Y ratio—that is, the ratio of total foreign commodity trade (exports plus imports) to the national income—fell for seven of these countries, accounting for 37.5 per cent of world trade in 1954. The average amount of the decline was 15.3 percentage points. The T/Y ratio rose for only four countries, comprising 10.1 per cent of world trade in 1954, and the average amount of these rises was only 1.6 per cent. The net result, on balance, suggests a substantial decline for the

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TABLE 1. PER CENT RATIOS OF EXPORTS AND IMPORTS TO NATIONAL INCOME IN FOURTEEN NORTH ATLANTIC COUNTRIES, 1928, 1938, 1954, 1957

	Export Ratio				*Change 1928-1957*	*Import Ratio*				*Change 1928-1957*	*Total Trade Ratio Change 1928-1957*
	1928	*1938*	*1954*	*1957*		*1928*	*1938*	*1954*	*1957*		
1. United Kingdom	20.3	10.4	19.2	18.9	−1.4	28.8	17.9	23.3	23.2	−5.6	−7.0
2. United States	6.3	4.6	5.1	5.7	−0.6	5.0	3.2	3.5	3.5	−1.5	−2.1
3. Canada	28.3	22.1	20.8	20.7	−7.6	26.2	17.6	21.6	23.6	−2.6	−10.2
4. Ireland	28.8	15.4	26.4	28.2	−0.6	37.2	26.4	41.3	39.7	+2.5	+1.9
5. Germany	16.6	7.0	18.9	22.4	+5.8	19.4	7.6	16.5	19.6	+0.2	+6.0
6. France	22.9	8.5	12.7	11.9	−11.0	23.5	12.8	12.8	14.3	−9.2	−20.2
7. Belgium	56.1	33.1	33.0	38.5	−17.6	57.4	35.3	36.5	41.5	−15.9	−33.5
8. Netherlands	32.7	21.9	43.0	40.9	+8.2	44.9	29.8	51.0	54.2	+9.3	+17.5
9. Italy	12.1	8.0	10.3	13.0	+0.9	18.4	8.6	15.4	18.5	+0.1	+1.0
10. Switzerland	22.3	15.1	23.3	24.6	+2.3	28.0	18.5	24.7	30.9	+2.9	+5.2
11. Sweden	20.0	16.6	21.1	22.9	+2.9	21.7	18.7	23.5	26.0	+4.3	+7.2
12. Denmark	34.8	24.0	29.0	30.0	−4.8	34.1	25.4	35.2	34.7	+0.6	−4.2
13. Norway*	16.2	13.4	19.2	21.3	+5.1	23.7	20.3	33.5	33.3	+9.6	+14.7
14. Finland	29.3	28.3	23.0	23.7	−5.6	37.6	29.0	22.4	25.4	−12.2	−17.8

* Norwegian data are for 1956, not 1957.

SOURCES FOR INCOME DATA:

1928—United Nations, Statistical Papers, Series H, No. 8, *Statistics of National Income and Expenditure*, New York, Statistical Office of the United Nations, 1955, Table 7.

1938—United Nations, Statistical Papers, Series H, No. 8, Table 1.

1954, and Norway, 1956—United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958.

1957—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 158-60.

TRADE DATA (All trade figures are for special trade, excluding re-exports, except those of the United States, United Kingdom, and Ireland):

1928—League of Nations, *Memorandum on International Trade and Balances of Payments, 1926-1928*, Vol. III, Geneva, 1930.

1938, 1954, and Norway, 1956—United Nations, Statistical Papers, Series T, Vol. VI, No. 7, *Direction of International Trade*, New York, 1957, pp. 51-52.

1957—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 100-22.

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total of eleven countries studied, with a weighted average of —8.2 percentage points (see Table 2).

TABLE 2. PER CENT RATIOS OF FOREIGN TRADE TO NATIONAL INCOME IN ELEVEN COUNTRIES, 1913, 1928, 1938, 1957

	% *World Trade 1954*	*T/Y 1913*	*T/Y 1928*	*T/Y 1938*	*T/Y 1957*	*T/Y Change 1913-1957*
1. United States	14.8	13.6	11.3	7.8	9.2	—4.5
2. United Kingdom	10.0	59.3	49.1	28.3	42.0	—17.3
3. Germany[1]	5.7	41.6	36.0	14.6	42.1	+0.5
4. France	4.9	42.5	46.4	21.3	26.3	—16.2
5. USSR	3.5[2]	13.8	—	—	4.9	—8.9
6. Italy	2.3	29.5	30.5	16.6	31.5	+2.0
7. Sweden	2.0	56.8	41.7	35.3	48.9	—7.9
8. Switzerland	1.5	83.5	50.3	33.6	55.5	—28.0
9. Denmark	1.2	64.4	68.9	49.4	64.7	+0.3
10. Norway[3]	0.9	51.0	39.9	33.7	54.6	+3.6
11. Finland	0.8	73.2	66.9	57.3	49.1	—24.1

[1] The 1938 data for Germany include Austria.

[2] Soviet % of world trade for 1955.

[3] For the Norwegian figures, the gross domestic product, not the national income, was used. Data are for 1956, not 1957.

SOURCES FOR INCOME DATA, 1913:

United States—Robert F. Martin, *National Income in the United States, 1799-1938*, New York, National Industrial Conference Board, 1939, Table 1, pp. 6-7.

United Kingdom—A. R. Prest, "National Income of the United Kingdom, 1870-1946," *Economic Journal*, LVIII, No. 229 (March 1948), p. 58.

Germany—Paul Jostock, "The Long Term in Growth of National Income in Germany," in Simon Kuznets, ed., *Income and Wealth*, Series 5, London, Bowes & Bowes, 1955, p. 109.

France—Paul Studenski and Julius Wyler, *International Survey of National Income*, National Bureau of Economic Research, New York (unpublished study), cited in W. S. Woytinsky and E. S. Woytinsky, *World Population and Production: Trends and Outlook*, New York, Twentieth Century Fund, 1953, pp. 386, 1220, n. 42.

USSR—1913 data calculated from Soviet sources by Harry Schwartz in *Russia's Soviet Economy*, New York, 1954, p. 127. 1957 estimate from *The Sino-Soviet Economic Offensive in the Less Developed Countries*, Dept. of State Publication No. 6632, May 1958, p. 14.

Italy—*Annuario Statistico Italiano, 1952*, p. 493, in Colin Clark, *The Conditions of Economic Progress*, 3rd ed., 1957, London, Macmillan, p. 158.

Sweden—Clark, *op.cit.*, p. 183.

Switzerland—Dresdner Bank, *Wirtschaftliche Kräfte der Welt, 1930*, in Clark, *op.cit.*, p. 189.

Denmark—Kjeld Bjerke, "The National Product of Denmark, 1870-1952," in Kuznets, *op.cit.*, Table XI and Table XII, pp. 148-49.

Norway—Central Bureau of Statistics of Norway, *National Accounts, 1900-1929*, Oslo, 1953, p. 104.

Finland—Dresdner Bank, *Wirtschaftliche Kräfte der Welt, 1930*, in Clark, *op.cit.*, p. 122.

1928:

All countries—United Nations, Statistical Papers, Series H, No. 8, *Statistics of National*

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For a few countries we have a longer series. Table 3 presents for the years 1805-1959 the ratio of the "total overseas trade"—i.e., exports plus imports—of the United Kingdom, as computed by Werner Schlote and, for later years, by the United Nations, to three different estimates of the British national income for the same years.

The series agree in showing a large and consistent rise in the share of overseas trade to national income from 1805-1819 to 1870-1879, followed by fluctuations about the high level reached in the 1870's until 1913, and by a substantial decline in the 1920's and early 1930's, down to the level of almost a century before. If the older of the two income series is used, it appears that the highest ratio of British overseas trade to national income was attained in 1910-1913. This picture is not borne out entirely by the recent and more accurate income estimates, which locate the peak in the foreign trade ratio in the 1870's, yet the earlier estimate may help explain why some observers of world events who took Britain as a model for the future of other, less-

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Income and Expenditure, New York, Statistical Office of the United Nations, 1955, Table 7.

1938:

All countries—United Nations, Statistical Papers, Series H, No. 8, Table 1.

1957:

Norway—United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958.

USSR—Based on U.S. dollar estimates published in *The Sino-Soviet Economic Offensive in the Less Developed Countries, op.cit.*, p. 14.

All other countries—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 158-60.

TRADE DATA (All trade figures are for special trade, excluding re-exports, except those of the United States and the United Kingdom):

% of World Trade, 1954: Total world trade, including the Soviet bloc, from United Nations, *Economic Survey of Europe, 1957*, Geneva, 1958, pp. vi, 3; country totals from United Nations, Statistical Papers, Series T, Vol. VIII, No. 7, *Direction of International Trade*, New York, 1957, pp. 51-52.

1913:

United States, United Kingdom—League of Nations, *Memorandum on International Trade and Balances of Payments, 1910-1924*, Vol. II, Geneva, 1925.

All other countries—League of Nations, *Memorandum on International Trade and Balances of Payments, 1927-1929*, Vol. I, Geneva, 1930.

1928:

All countries—League of Nations, *Memorandum on International Trade and Balances of Payments, 1926-1928*, Vol. III, Geneva, 1930.

1938:

All countries—United Nations, Statistical Papers, Series T. Vol. VIII, No. 7, *Directions of International Trade*, New York, 1957, pp. 51-52.

1957:

Norway—*Ibid.*

USSR—United Nations, Statistical Papers, Series T, Vol. IX, No. 10, *Directions of International Trade*, New York, 1958, p. 161.

All other countries—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 100-22.

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TABLE 3. UNITED KINGDOM: RATIO OF TOTAL OVERSEAS TRADE TO NATIONAL INCOME, 1805-1959, BY PERIODS

	IN MILLION £				IN PER CENT		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Average for Period	*Overseas Trade (Schlote) T*	*Overseas Trade (League-UN) T*	*Quittner-Bertolasi (Schlote) Y*	*Prest UN Y*	*T/Y (Schlote-Quittner-Bertolasi)*	*T/Y (Schlote-Prest)*	*T/Y (League-UN-Prest)*
1805-1819	117.0		703.7		16.6		
1820-1829	102.8		607.1		16.9		
1830-1839	123.3		594.8		20.7		
1840-1849	159.5		634.2		25.1		
1850-1859	266.3		697.1		38.2		
1860-1869	463.1		862.5		53.7		
1870-1879	634.0		1,123.6	1,058	56.4	59.9	
1880-1889	686.3		1,239.3	1,166	55.4	58.9	
1890-1899	733.8		1,431.3	1,312	51.3	55.9	
1900-1904	890.2		1,674.7	1,735	53.2	51.3	
1905-1909	1,069.8		1,753.9	1,938	61.0	55.2	
1910-1913	1,299.1		1,970.6	2,210	65.9	58.8	
1927-1929	2,049.9	2,050	4,460.7	4,159	46.0	49.3	49.3
1930-1933	1,306.7	1,321	4,433.7	3,730	29.5	35.0	35.4
1934-1938		1,415		4,333			32.7
1939-1945		1,487		7,214			20.6
1946-1949		3,278		9,609			34.1
1950-1953		5,930		12,121			48.9
1954-1956		6,755		15,403			43.9
1957-1959		7,194		18,302			39.5

SOURCES FOR COLS. 1 AND 3:

Werner Schlote, *British Overseas Trade from 1700 to the 1930's*, Oxford, Blackwell, 1952, Table 10, p. 49. Schlote's national income estimate is based on work by Dr. E. Quittner-Bertolasi. Recently available data published in Albert H. Imlah, *Economic Elements in the Pax Britannica*, Cambridge, Harvard University Press, 1958, pp. 94-98, 205-7, are very similar to Schlote's trade figures. The T/Y ratio based on Imlah's figures (current value exports of United Kingdom products plus current value net imports; current value re-exports added to both net imports and exports of U.K. products) differs slightly (less than 1%) from that based on Schlote's figures for the period 1805-1860. After 1860, however, the two are identical.

COL. 2:

1927-1929—*Statistical Yearbook of the League of Nations, 1934/35*, Geneva, 1935, p. 206.

1930-1956—United Nations, *Yearbook of International Trade Statistics, 1956*, I, New York, Statistical Office of the United Nations, 1957, p. 584.

1957-1959—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 100-22, and (November 1960), p. 100.

COL. 4:

1870-1946—A. R. Prest, "National Income of the United Kingdom, 1870-1946," *Economic Journal*, LVIII, No. 229 (March 1948), p. 58. This series was published after Dr. Quittner-Bertolasi's and may be more accurate. It should be noted that the differences are minor, but that the ratio of trade to income between 1870 and 1913 seems to have declined slightly if Prest's data are used.

1947-1949—United Nations, Statistical Papers, Series H, No. 8, *Statistics of National Income and Expenditure*, Statistical Office of the United Nations, New York, 1955, p. 5.

1950-1956—United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958, p. 222.

1957-1959—United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 158-60, and (November 1960), p. 159.

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advanced countries were so ready to accept the image of a world in which the conditions of 1910-1913 were "normal," and in which international economic activities were slowly but surely outstripping domestic ones. Long series from Britain, based on other estimates, and series from a few other countries for which data were available, did not altogether confirm this optimistic picture, but neither did they refute it clearly enough to outweigh its simple and powerful appeal to the imagination of those who hoped for the eventual victorious emergence of a world community.

Chart I gives the ratio of foreign trade to national income in the United Kingdom as shown by four different series of data. Despite the fact that these series disagree as to the precise relation of trade to income at any given time, they do not contradict the essential picture of a gradual rise in the T/Y ratio, reaching a peak in the late nineteenth or early twentieth century, and falling sharply after World War I. Although we must use different series to cover the complete span from 1805 to 1957, the similarities of the data when they overlap indicate that they measure essentially the same phenomenon.

Table 4 and line D on Chart I show estimates of the ratio of foreign trade to national income in Britain for five single years in the period 1812-1846. According to these data, the T/Y ratio may have been somewhat higher in the early decades of the nineteenth century, and the main rise in the T/Y ratio occurred between 1840 and 1870.

Another long series is available from the United States for the years 1799-1959, as shown in Table 5. This indicates that the export and import ratios in the days of the Founding Fathers may have approached 12 per cent each, bringing the total trade ratio close to one-quarter of the national income. This contrasts with a trade ratio of below one-twelfth of the national income in 1959, consisting of export and import ratios of less than 5 per cent and 4 per cent, respectively. American trade ratios in the 1870's likewise were high—though lower than at the beginning of the nineteenth century.

Indications for a third series can be pieced together for Germany. The figures given in Table 6 are far more fragmentary, and their comparability is further impaired by the many changes in territory between 1802 and 1959. Yet a trend seems discernible: If one accepts the early estimate, the foreign trade ratio seems to have risen by about one-half, from 28 per cent early in the nineteenth century to 45 per cent in the 1870's. It then fell by about the same amount between the 1870's and the 1890's—that is, during the period in which Som-

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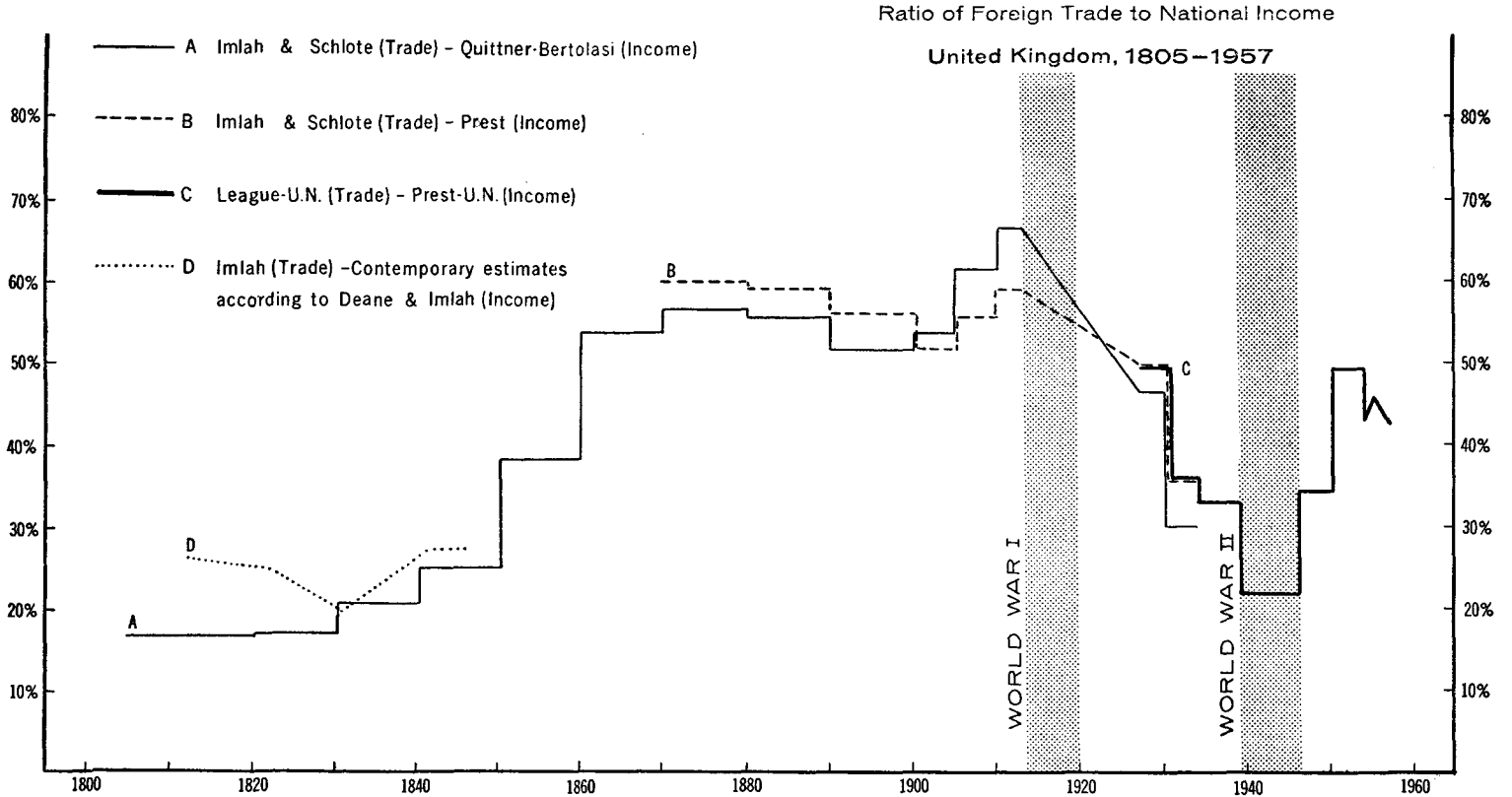

CHART I

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TABLE 4. UNITED KINGDOM T/Y RATIO BASED ON CONTEMPORARY ESTIMATES OF NATIONAL INCOME, 1812-1846

Year	*Y (mill. £)*	*T (mill. £)*	*T/Y (%)*
1812	405 (after Colquhoun)	106.8	26.4
1822	358 (after Lowe)	89.4	25.0
1831	533 (after Pebrer)	105.9	19.9
1841	533 (after Spackman, amended by Imlah)	145.4	27.3
1846	562 (after Snee)	154.3	27.5

SOURCES: Contemporary estimates of national income for the United Kingdom from P. Deane, "Contemporary Estimates of National Income in the First Half of the Nineteenth Century," *Economic History Review*, VIII (April 1956), pp. 339-54. Figures for 1841 (Spackman) amended by Albert H. Imlah in *Economic Elements in the Pax Britannica*, Cambridge, Harvard University Press, 1958, p. 140. The trade figures are from *ibid.*, pp. 37, 38. The authors are indebted to Professor Imlah for the data used in this table.

bart's surmise may have been formed. Finally, the foreign trade ratio resumed a slight climb upward to nearly 40 per cent in 1957-1959 but remained short of the 1870's; and even this moderate gain occurred in a Germany that had shrunk geographically compared with its territory of 1871-1914. If one could deduct from these foreign trade figures the amounts representing commerce with former German territories such as Alsace-Lorraine since 1918 and East Germany since 1945, and if

SOURCES FOR CHART I:

Imlah and Schlote (Trade): Albert H. Imlah, *Economic Elements in the Pax Britannica*, Cambridge, Harvard University Press, 1958, pp. 94-98 and 205-7; Werner Schlote, *British Overseas Trade from 1700 to the 1930's*, Oxford, Blackwell, 1952, Table 10, p. 49.

Quittner-Bertolasi (Income): In Schlote, *op.cit.*, Table 10, p. 49.

Prest (Income): A. R. Prest, "National Income of the United Kingdom, 1870-1946," *Economic Journal*, LVIII, No. 229 (March 1948), p. 58.

League (Trade): *1913*—League of Nations, *Memorandum on International Trade and Balances of Payments, 1910-1924*, II, Geneva, 1925, p. 347.

1927-1929—*Statistical Yearbook of the League of Nations, 1934/35*, Geneva, 1935, p. 206.

UN (Trade): *1930-1956*—United Nations, *Yearbook of International Trade Statistics, 1956*, I, New York, Statistical Office of the United Nations, 1957, p. 584.

UN (Income): *1947-1949*—United Nations, Statistical Papers, Series H, No. 8, *Statistics of National Income and Expenditure*, Statistical Office of the United Nations, New York, 1955, p. 5.

1950-1956—United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958, p. 222.

Contemporary Estimates (Income): P. Deane, "Contemporary Estimates of National Income in the First Half of the Nineteenth Century," *Economic History Review*, VIII (April 1956), pp. 339-54. Figures for 1841 amended by Imlah, *op.cit.*, p. 140.

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one allows for the increased need for foreign trade in a truncated Germany, it seems likely that the actual trend of the foreign trade ratio would have been downward from the first decade of the twentieth century to the mid-1950's, had the relevant German territory remained constant.

TABLE 5. UNITED STATES, RATIO OF TRADE TO NATIONAL INCOME, 1799-1959

Year	*Total Exports E*	*Total Imports M*	*Total Trade T*	*Income (bill. $) Y*	*E/Y %*	*M/Y %*	*T/Y %*
1799	78.7	79.1	157.7	.7	11.6	11.7	23.3
1809	52.2	59.4	111.6	.9	5.7	6.5	12.2
1819	70.1	87.1	157.3	.9	8.0	9.9	18.0
1829	67.4	67.1	134.5	1.0	6.9	6.9	13.8
1839	112.3	156.5	268.7	1.2	6.9	9.6	16.5
1849	140.4	141.2	281.6	2.4	5.8	5.8	11.6
1859	292.9	331.3	624.4	4.3	6.8	7.7	14.5
1869	286.1	417.5	685.6	6.8	4.2	6.1	10.6
1879	710.4	445.8	1,156.2	7.2	9.8	6.2	16.0
1889	742.4	745.1	1,487.5	10.7	6.9	7.0	13.9
1899	1,227.0	697.1	1,924.2	15.4	8.0	4.5	12.5
1909	1,663.0	1,311.9	2,974.9	26.5	6.3	5.0	11.2
1919	7,920.4	3,904.4	11,824.8	64.2	12.3	6.1	18.4
1929	5,241.0	4,399.4	9,640.4	87.2	6.0	5.0	11.0
1939	3,177.2	2,318.1	5,495.3	72.8	4.4	3.2	7.6
1949	12,051.1	6,622.4	18,673.5	216.2	5.6	3.1	8.6
1954	15,110	10,215	25,325	297.8	5.1	3.4	8.5
1959	17,383	14,987	32,370	399.6	4.6	3.5	8.1

SOURCES FOR TRADE DATA:

1799-1949: U.S. Bureau of the Census, *Statistical Abstract of the United States: 1956*, 77th ed., Washington, D.C., 1956, Series 1121, p. 901. Before 1821, export and import figures include gold and silver.

1954-1956: U.S. Bureau of the Census, *Statistical Abstract of the United States: 1958*, 79th ed., Washington, D.C., 1958, Series 1137, p. 880.

1957: United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 100-22.

1958: Estimate based on data in *New York Times*, January 12, 1959, p. 57, cols. 4-5.

INCOME DATA:

1799-1909: R. F. Martin, *National Income in the United States, 1799-1938*, New York, National Industrial Conference Board, 1939, Table 1, pp. 6-7.

1919, 1929: United Nations, Statistical Papers, Series H, No. 8, *Statistics of National Income and Expenditure*, Statistical Office of the United Nations, New York, 1955, Table 7, p. 115.

1939, 1949: *Ibid.*, Table 1, p. 5.

1954: United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958, p. 228.

1959: United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 158-60, and (November 1960), pp. 111, 159.

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TABLE 6. GERMANY, RATIO OF TRADE TO NATIONAL INCOME, 1802-1959

Average for Period	*Income (bill.) Y*	*Imports (bill.) M*	*Exports (bill.) E*	*Total Trade T*	*M/Y %*	*E/Y %*	*T/Y %*
1802-1830	—	—	—	.7	—	—	28[1]
1870-1879	13.6	3.6[2]	2.5[2]	6.2	26.7	18.8	45.4
1875-1884	16.0	3.4	2.9	6.3	21.6	18.2	39.3
1880-1889	19.0	3.1	3.1	6.2	16.6	16.3	33.0
1885-1894	22.8	3.6	3.1	6.7	16.0	13.5	29.5
1890-1899	26.2	4.4	3.4	7.8	16.8	13.0	29.7[1]
1895-1904	29.8	5.3	4.2	9.5	17.7	14.2	31.8
1900-1909	35.4	6.7[3]	5.5[3]	12.2	19.1	15.6	34.5
1928	72.4	14.0	12.0	26.0	19.4	16.6	36.0
1938 (DM)	79.8	6.0	5.6	11.6	7.5	7.0	14.5
1954-1956 (DM)*	136.4	23.9	26.3	50.2	17.5	19.2	36.8
1957-1959 (DM)*	176.8	32.7	38.0	70.7	18.5	21.5	39.9

NOTES: All figures in current RM, except where otherwise noted; data for the years marked * apply to the German Federal Republic.

[1] 1802-1830: Werner Sombart, *Die Deutsche Volkswirtschaft im neunzehnten Jahrhundert*, 3rd ed., Berlin, Bondi, 1913, p. 369. Sombart based the 1802-1830 estimate on Prussian data by Krug. For 1895, he gives an estimate of total trade as 29% of per capita income, based on data by Mulhall.

[2] Imports, 1872-1879; exports, 1872-1879.

[3] Imports, 1900-1908; exports, 1900-1908.

SOURCES FOR INCOME DATA:

1870-1909: Simon Kuznets, "Quantitative Aspects of the Economic Growth of Nations: I: Levels and Variability of Rates of Growth," *Economic Development and Cultural Change*, v. No. 1 (October 1956), Appendix Table 4, p. 62.

1928, 1938: United Nations, Statistical Papers, Series H, No. 8, *Statistics of National Income and Expenditure*, New York, Statistical Office of the United Nations, 1955, Table 7, p. 113.

1954-1959: United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 158-60, and (November 1960), p. 158.

TRADE DATA:

1870-1909: United States, National Monetary Commission, Vol. XXI, *Statistics for Great Britain, Germany and France, 1867-1908*, Table 3, p. 153; 61st Congress, 2nd Session, Senate Document No. 570, Washington, D.C., 1911.

1928: League of Nations, *Memorandum on International Trade and Balances of Payments, 1926-1928*, Geneva, 1930, Vol. III, p. 19.

1938-1956: United Nations, Statistical Papers, Series T, Vol. VIII, No. 7, *Direction of International Trade*, New York, 1957, p. 150.

1957-1959: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. 117.

CONVERSION RATES:

1938: League of Nations, Economic Intelligence Service, *The Network of World Trade*, Geneva, 1942, Annex IV, p. 172.

1954-1956: International Monetary Fund, *6th Annual Report: Exchange Restrictions, 1955*, Washington, D.C., 1955, p. 149.

$ have been converted to DM at the rates: 1938—$.4033=1 DM
1954-56—$.2381=1 DM

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A series for a smaller country, Denmark, from 1870 onward is given in Table 7. Here the foreign trade ratios are much higher, as befits a small country, but their trend shows the same pattern of rise and fall that we found in other countries. In the Danish case, the peak in the foreign trade ratio was reached somewhat later, in 1910, and again in 1915. This was followed by a sharp decline about 1920, and again in the Great Depression and during World War II. The recovery from these declines was only partial; the foreign trade

TABLE 7. DENMARK, 1870-1958

Mill. Kroner Current	*Y**	*Imports M*	*Exports E*	*Total Trade T*	*M/Y %*	*E/Y %*	*T/Y %*
1870	576	138	133	271	23.9	23.1	47.0
1875	703	228	171	379	32.4	24.3	56.7
1880	736	227	197	424	30.8	26.8	57.6
1885	777	249	159	408	32.0	20.5	52.5
1890	904	307	234	541	34.0	25.8	59.8
1895	1019	364	269	633	35.7	26.4	62.1
1900	1298	526	393	919	40.5	30.8	71.3
1905	1483	623	534	1157	42.0	36.0	78.0
1910	1770	763	681	1444	43.1	38.5	81.6
1913	2197	857	721	1578	39.0	32.8	71.8
1915	2807	1160	1129	2289	41.3	40.2	81.5
1920	9902	3243	1962	5205	32.7	19.8	52.5
1925	5795	2082	1959	4041	35.9	33.0	68.9
1928	5036	1736	1657	3393	34.5	32.9	67.4
1930	5264	1616	1729	3345	30.7	32.8	63.5
1935	5676	1331	1267	2598	23.4	22.3	45.7
1938	6650	1665	1589	3254	25.0	23.9	48.9
1940	7111	1390	1536	2926	19.5	21.6	40.1
1945	11,772	697	906	1603	5.9	7.7	13.6
1950	21,328	6022	4747	10,769	28.2	22.2	40.4
1952	23,546	6656	5994	12,650	28.3	25.4	53.7
1954	22,939	8084	6649	14,733	35.2	29.0	64.2
1955	23,532	8140	7304	15,444	34.6	31.0	65.6
1956	24,945	9057	7674	16,731	36.3	30.8	67.1
1957	27,135	9383	8106	17,489	34.6	29.8	64.4
1958	28,250	9435	8897	18,332	33.4	31.5	64.9

* Y for 1870-1952 is gross domestic product at factor cost.

SOURCES:

1870-1952: Kjeld Bjerke, "The National Product of Denmark, 1870-1952," in Simon Kuznets, ed., *Income and Wealth*, Series 5, London, Bowes and Bowes, 1955, Tables XI and XII, pp. 148-49.

Income figures, 1954-1956: United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958, p. 59.

1957-1958: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. 158.

Trade figures, 1954-1956: United Nations, Statistical Papers, Series T, Vol. VII, No. 7, *Direction of International Trade*, New York, 1957, p. 144.

1957-1958: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. 116.

$ have been converted to Kroner at the rate of $1 = 6.90714 (International Monetary Fund, *6th Annual Report: Exchange Restrictions, 1955*, Washington, D.C., 1955, p. 105).

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ratio of 1958, despite its heavy dependence on imports, remained approximately at the level of 1895.

Table 8 presents a similar picture for Norway. The foreign trade ratio reached its peak in 1920, followed by a sharp and continued decline up to World War II. Both exports and imports increased substantially after the war, but even in 1956 the foreign trade ratio remained below its 1920 peak.

Another way of checking on the shift in the relative importance of national as against international economic activities would consist

TABLE 8. NORWAY, 1900-1956*

Year	*Income* *Y*	*Imports* *M*	*Exports* *E*	*Trade* *T*	*T/Y*
		(millions of Kroner)			
1900	1098	311	173	484	44.1
1905	1100	312	218	530	48.2
1910	1431	402	283	685	47.9
1913	1854	552	393	945	51.0
1920	7500	3019	1227	4246	56.6
1925	5633	1370	1048	2418	42.9
1928	4221	1019	683	1702	40.3
1930	4411	1061	683	1744	39.5
1938	5857	1192	785	1977	33.8
1948	14,092	3721	2052	5773	41.0
1952	20,443	6233	4038	10,271	50.4
1954	22,026	7276	4163	11,439	52.7
1956	25,920	8638	5514	14,152	54.6

* The gross domestic product, not the national income, has been used for these calculations.

SOURCES FOR INCOME DATA:

1900-1948: Central Bureau of Statistics of Norway, *National Accounts, 1900-1929*, Oslo, Kommisjon Hos H. Aschenhoug & Co., 1953, p. 104, col. 10.

1952-1956: United Nations, *Yearbook of National Accounts Statistics, 1957*, New York, Statistical Office of the United Nations, 1958, p. 171.

TRADE EXPORTS:

1900-1948: Central Bureau of Statistics of Norway, *National Accounts, 1900-1929*, p. 108, col. 1, and p. 110, col. 24.

1952: United Nations, Statistical Papers, Series T, Vol. VII, No. 6, *Direction of International Trade*, New York, 1956, p. 78.

1954, 1956: United Nations, Statistical Papers, Series T, Vol. VIII, No. 7, *Direction of International Trade*, New York, 1957, p. 51.

TRADE IMPORTS:

1900-1930: Central Bureau of Statistics of Norway, *National Accounts, 1900-1929*, p. 112, col. 1.

1938-1956: United Nations, Statistical Papers, Series T, Vol. VI, No. 7, p. 51.

1952: United Nations, Statistical Papers, Series T, Vol. VII, No. 6, p. 78.

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in comparing for each country the growth rate of its national income with that of its foreign trade, or at least of its exports.

The results of such comparisons for eleven North Atlantic countries for the period 1890-1954 are given in Table 9.

The comparison of growth rates strikingly confirms our earlier picture. In ten out of the eleven countries examined, exports persistently lagged behind income. These ten countries, moreover, accounted for somewhat more than one-half of world trade in 1954. The sole exception, Canada, showed a falling T/Y ratio for 1928-1957 in Table 1, but one that may still have risen relative to 1890. This would suggest an increasing integration between 1890 and 1928 of the Canadian economy with that of the United States—a process which seems amply attested by other data. For most of the North Atlantic countries, however, it seems clear that those traditional strongholds of nineteenth-century economic liberalism are exhibiting in the twentieth century the declining ratio of foreign trade predicted by Sombart.

III. A General Trend in the Non-Communist World?

What of the rest of the world? For many important countries, such as India, Pakistan, China, or Brazil, reliable data over long periods are difficult to find. However, a long series for one of the main non-Western trading countries, Japan, can be constructed for the period 1885-1958, as shown in Table 10. These data suggest that the ratio of foreign trade to national income rose steeply during the decades of take-off toward rapid and self-sustaining industrialization between 1885 and World War I, reaching its peak in the latter period. For the next twenty years, it fluctuated slightly below this peak (somewhat reminiscent of the similar high-level fluctuations of the British T/Y ratio between 1870 and 1913). After 1939, it declined drastically under the impact of World War II and its aftermath. It had made a quick partial recovery by 1952 and rose slowly thereafter, but by 1958 it still had not reached the level of the 1895-1899 period.

A shorter series for Argentina is given in Table 11. It shows a moderate decline in the T/Y ratio from almost 36 per cent in 1938 to only 28 per cent in 1957, but the fluctuations in some intervening years make the study of a longer series desirable.

A different way of checking the trends found in particular countries would consist in studying the shift in the ratio of the world's trade to world income as a whole. No good estimates of world income are readily available, but the staffs of the United Nations and of the

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TABLE 9. AVERAGE GROWTH RATIOS, PER DECADE, OF VALUE OF NATIONAL EXPORTS, FOR ELEVEN COUNTRIES

(1) *Country*	(2) *Initial Period*	(3) *Terminal Period*	(4) *Per Cent Change per Decade, N.P.*	(5) *Exports, 1890, in 1890 dollars*	(6) *Exports, 1890, in 1954 dollars*	(7) *Exports, 1954*	(8) *Per Cent Change per Decade, E*	(9) *Excess of Growth of National Income over Internat'l Trade per Decade (Col. 4 — Col. 8)*	(10) *Per Cent of World Exports in 1954*
U.S.	1894-1903	1950-54	33.8	845.3	2,561.2	15,106.4	31.9	1.9	16.6
U.K.	1895-1904	1949-53	17.2	1,264.9	3,832.8	7,766.3	11.3	5.9	10.2
Canada	1895-1904	1950-54	41.4	84.0	254.6	4,053.8	53.6	—12.2	5.5
Germany	1895-1904	1950-54	19.9	798.7	2,420.2	5,260.6	12.6	7.3	7.1
France	1901-1910	1949-53	11.1	720.7	2,183.6	4,188.7	10.1	1.0	5.5
Neth's.	1900-1908	1950-54	24.6	435.0	1,318.1	2,412.0	9.3	15.3	3.2
Italy	1894-1903	1950-54	22.2	184.8	560.0	1,638.3	18.3	3.9	2.1
Switz.	1890-1899	1949-53	24.4	139.1	421.4	1,226.7	18.0	6.4	1.7
Sweden	1894-1903	1950-54	37.8	81.2	246.2	1,583.4	33.7	4.1	2.2
Denmark	1894-1903	1950-54	30.6	62.4	188.9	962.6	28.6	2.0	1.3
Norway	1900-1908	1950-54	33.5	35.0	104.8	582.8	30.2	3.3	0.8

SOURCES:

Cols. 2, 3, 4: Simon Kuznets, "Quantitative Aspects of the Economic Growth of Nations: I. Levels and Variability of Rates of Growth," *Economic Development and Cultural Change*, v, No. 1 (October 1956), Table 1, p. 10, "Percentage Change Per Decade, Population, National Product and Product Per Capital, Constant Prices, 19 Countries, First Half of the Twentieth Century" (order of countries rearranged).

Col. 5: See following page.

Col. 6: Conversion rate = $3.03.

Col. 7: United Nations, Statistical Papers, Series T, Vol. VIII, No. 7, *Direction of International Trade*, New York, 1957, pp. 51-52.

Col. 8: $r = col.\ 6\ (1+r)\ 6.4 = col.\ 7$

$$\log\ (1+r) = \frac{\log \text{col. } 7 - \log \text{col. } 6}{6.4}$$

Col. 10: Total world exports from United Nations, *Economic Survey of Europe, 1957*, Geneva, 1958, pp. vi, 3.

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Contracting Parties to the General Agreement on Tariffs and Trade (GATT) have computed series of index numbers for world trade and world manufacturing production which can be linked into series covering the years 1925 to 1959, as shown in Table 12. The ratio of the index for world trade to that for world manufacturing production shows a substantial decline. If the ratio for 1925 is taken as 100, it rose to a peak of 109 in 1931, and then fell to a low of 77 in 1936. The Second World War devastated international trade even more than production: by 1948 the ratio was down to 55 and by 1959 it had only recovered slightly to 64—a lower level than any in the interwar years, including the depression-ridden 1930's.

The index for world manufacturing production measures, of course, only a sector of national income. Other sectors, such as agricul-

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SOURCES FOR TABLE 9, COL. 5:

United Kingdom: Accounts and Papers (35), Vol. xcv (1895), Trade (Foreign Countries and British Possessions) (Cmd. 7759), Table 5, p. 5: "Value of the Total Exports of the Produce and Manufactures of the United Kingdom, to each Foreign Country and British Possession (including protectorates)."

United States: Accounts and Papers (45), No. 21 (1895), Statistical Abstract for the Principal and Other Foreign Countries, 1883 to 1892-1893, Table 19, p. 181, "Total Value of Exports of Domestic Produce (Merchandise only) from the United States, distinguishing Principal Countries." ($1.00 = £0/4/2. CR = .20833)

Canada: *Statistical Yearbook of Canada, 1891*, Ottawa, Government Printing Bureau, 1892, p. 197, PP. #263, "Value of the Imports Entered for Consumption in Canada in the Years Named (1870, 1880, 1890), showing the countries from which imported and the proportion in each case to the total value." (In $. 1£ = $4.87)

Germany: Accounts and Papers (45), *op.cit.*, Table 19, p. 153, "Total Value of Exports of Domestic Produce (Merchandise only) from the German Empire (Zollverein), distinguishing Principal Countries." (1 mark = £0/1/0. CR = .05)

France: Accounts and Papers (45), *ibid.*, Table 19, p. 161, "Total Value of Exports of Domestic Produce (Merchandise only) from France, distinguishing Principal Countries." (1 franc = £0/0/9$\frac{6}{10}$. CR, 1£ = 25 francs)

Netherlands: Accounts and Papers (45), *ibid.*, Table 19, p. 155, "Total Value of Exports of Domestic Produce (Including Bullion and Specie) from Holland, distinguishing Principal Countries," ("Note: Colonial Produce is included in Holland under the Head of Domestic Produce.") (1 gulden = £0/1/8. CR, 1£ = 12 gulden)

Italy: Accounts and Papers (45), *ibid.*, Table 19, p. 169, "Total Value of Exports of Domestic Produce (including Bullion and Specie) from Italy, distinguishing Principal Countries." (1 lira = £0/0/9$\frac{6}{10}$. CR, 1£ = 25 lire)

Switzerland: Accounts and Papers (45), *ibid.*, Table 19, p. 163, "Total Value of Exports of Domestic Produce (including Bullion and Specie) from Switzerland, distinguishing Principal Countries." (1 franc = £0/0/9$\frac{6}{10}$. CR, 1£ = 25 francs)

Sweden: Accounts and Papers (45), *ibid.*, Table 19, p. 147, "Total Value of Exports (including Bullion and Specie) from Sweden, distinguishing Principal Countries." (1 krona = £0/1/1$\frac{1}{3}$. CR, 1£ = 18 kronor)

Denmark: Accounts and Papers (45), *ibid.*, Table 19, p. 149, "Total Value of Exports (Merchandise only) from Denmark, distinguishing Principal Countries." (1 krone = £0/1/1$\frac{1}{3}$. CR, 1£ = 18 kroner)

Norway: Accounts and Papers (45), *ibid.*, Table 19, p. 145, "Total Value of Exports (Merchandise only) from Norway, distinguishing Principal Countries." (1 krone = £0/1/1$\frac{1}{3}$. CR, 1£ = 18 kroner)

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TABLE 10. JAPAN: RATIO OF TOTAL OVERSEAS TRADE TO NATIONAL INCOME, 1885-1958*

(In 1,000 million yen, current prices)

(1) *Year*	(2) *Y*	(3) *E*	(4) *M*	(5) *T*	(6) *E/Y* %	(7) *M/Y* %	(8) *T/Y* %
1885-89	0.67	0.05	0.05	0.10	7.5	7.5	15.0
1890-94	0.96	0.09	0.08	0.17	9.4	8.3	17.7
1895-99	1.36	0.16	0.21	0.37	11.8	15.4	27.2
1900-04	2.13	0.27	0.31	0.58	12.7	14.6	27.3
1905-09	2.83	0.41	0.47	0.88	14.5	16.6	31.1
1910-14	3.77	0.61	0.65	1.26	16.2	17.2	33.4
1915-19	7.51	1.66	1.42	3.08	22.1	18.9	41.0
1920-24	11.79	1.91	2.44	4.35	16.2	20.7	36.9
1925-29	13.32	2.49	2.85	5.34	18.7	21.4	40.1
1930-34	12.35	2.06	2.21	4.27	16.7	17.9	34.5
1935-38	19.26	3.77	3.87	7.64	19.6	20.1	39.7
1939-42	37.18	4.58	3.91	8.49	12.3	10.5	22.8
1938	20.00	3.91	3.76	7.67	19.5	18.8	38.3
1946	361.00	2.26	4.07	6.33	0.6	1.1	1.7
1948	1,962.00	52.02	60.29	112.31	2.7	3.1	5.8
1950	3,382.00	298.03	348.20	646.23	8.8	10.3	19.1
1952	5,085.00	458.40	730.80	1,189.20	9.0	14.4	23.4
1954	6,021.00	586.80	864.00	1,450.80	9.7	14.3	24.0
1956	7,685.00	900.00	1,162.80	2,062.80	11.7	15.1	26.8
1958	8,448.7	1,038.60	1,094.91	2,133.51	12.3	13.0	25.3

* "Japan" refers only to "Japan proper," excluding Formosa and Korea. Trade with these territories is included among overseas trade. Cf. W. W. Lockwood, *The Economic Development of Japan*, Princeton, Princeton University Press, 1954, pp. 312-13.

SOURCES FOR COL. 2:

Income Data up to 1942: Kozushi Okawa, *et al.*, *The Growth Rate of the Japanese Economy*, Tokyo, Iwanami, 1956, p. 160.

Annual data from 1938 on: United Nations, *Economic Survey of Asia and the Far East, 1957*, Appendix Table M, p. 214 (henceforth cited as ESAFE).

1958: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. 159.

COLS. 3-5:

Trade Data up to 1938: Lockwood, *The Economic Development of Japan, op.cit.*, p. 313.

1938 to 1950: *U.N. Yearbook of International Trade Statistics, 1951*, p. 153.

1952 to 1956: ESAFE Survey, 1957, Appendix Table 4, p. 224.

1958: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. 110.

tural production, mining, or services, might have grown more slowly than world trade. We have found no adequate figures for world agriculture and mining that would cover the entire period 1925-1959, and without them there are no obvious grounds for estimating the rate of growth of these sectors. There is wide agreement, however, that with advancing economic development the service sector tends to grow a good deal faster than total national income, and that the preponderant parts of services, such as housing, public education,

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TABLE 11. ARGENTINA: RATIO OF TRADE TO NATIONAL INCOME, 1938-1957

	In millions of U.S. dollars				*In per cent*		
Year	*Y*	*E*	*M*	*T*	*E/Y*	*M/Y*	*T/Y*
1938	2,657[a]	461[c]	491[c]	952	17.4	18.5	35.9
1948	5,068[a]	1,627[c]	1,590[c]	3,217	32.1	31.4	62.5
1954	6,990[b]	1,080[c]	955[c]	2,035	15.4	13.7	29.1
1955	7,150[b]	1,026[c]	1,087[c]	2,113	14.3	15.2	29.5
1957	5,095[d]	589[d]	835[d]	1,424	11.7	16.3	28.0

SOURCES:

[a] W. S. Woytinsky and E. S. Woytinsky, *World Population and Production: Trends and Outlook*, New York, Twentieth Century Fund, 1953, Tables 185 and 186, pp. 389 and 392.

[b] 85th Congress. 1st Session, Senate Document No. 52, *Foreign Aid Program, Compilation of Studies and Surveys*, Washington, D.C., July 1957, Table 1, pp. 239-40.

[c] United Nations, Statistical Papers, Series T, Vol. VII, No. 6, *Direction of International Trade*, New York, 1956, p. 111 (official Argentine data).

[d] United Nations, *Monthly Bulletin of Statistics* (February 1959), pp. 100-22 and 158-60. Pesos converted to dollars at $1 = 37 pesos.

government, etc., do not enter international trade. Under these conditions, the ratio of manufacturing production to world trade may give an acceptable indication of world trends.

Still another way of exploring the relationship between economic development and the relative share of the foreign trade sector would consist in examining the distribution of the T/Y ratios in any particular year for all the states for which we have data. Table 13 shows the distribution of the ratios of trade to national income for the year 1949, and Table 14 shows the analogous distribution of foreign trade to gross national product for 1955. Both tabulations show that the ratio of foreign trade declines sharply with the size of a country, and that it does not rise significantly with per capita income. Extrapolating from this kind of evidence, one may surmise that as countries become more populous and richer, the share of the international trade sector can be expected, if anything, to decline.[10]

[10] The data given in Tables 13 and 14 should also correct an erroneous impression given in a chart by Mr. W. Woytinsky in *World Commerce and Governments* (New York, Twentieth Century Fund, 1958, p. 67). In this chart Mr. Woytinsky plotted foreign trade ratios with per capita incomes for a large number of countries. He then drew, presumably by freehand methods, a curve of approximate fit, which suggested that the T/Y ratio ought to be low for poor countries, become high for countries in the middle-income range, and become low again for the very rich countries. The curve would indeed fit Mr. Woytinsky's tabulation, but the relationship which it summarized is in part fortuitous, since the very large countries, such as India, China, and the United States, happen to be concentrated at the ends of the income scale, thus bending the curve downward at both ends, while many of the high-trading countries of Western Europe happen to be near to the middle of Mr. Woytinsky's income scale.

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TABLE 12. INDEX NUMBERS OF VOLUME OF WORLD TRADE AND WORLD MANUFACTURING PRODUCTION, 1925-1959

(1925 = 100)

Year	*World Trade*	*Manufacturing Production*	*Ratio of Trade Index to Manufacturing Index*
1925	100	100	1.00
1926	99	102	.97
1927	113	109	1.04
1928	117	116	1.01
1929	122	122	1.00
1930	113	107	1.06
1931	105	96	1.09
1932	91	85	1.07
1933	91	95	.96
1934	95	105	.90
1935	100	118	.85
1936	105	137	.77
1937	118	146	.81
1938	109	137	.80
1948	109	198	.55
1949	117	200	.59
1950	132	227	.58
1951	148	250	.59
1952	146	256	.57
1953	156	274	.57
1954	164	276	.59
1955	178	307	.58
1956	193	321	.60
1957	204	332	.61
1958	200	323	.62
1959	217	359	.64

SOURCES:

Trade and Production, 1925-1938: Contracting Parties to the General Agreement on Tariffs and Trade, *International Trade, 1952*, Geneva, June 1953, Table 1, p. 110.

Production, 1948-1959: United Nations, *Monthly Bulletin of Statistics* (November 1960), Special Table A, p. viii.

Trade, 1948-1957 (except 1949): United Nations, *Monthly Bulletin of Statistics* (November 1958), Special Table C, p. xvi.

1949: United Nations, *Monthly Bulletin of Statistics* (February 1958), Special Table A, p. viii.

1958-1959: United Nations, *Monthly Bulletin of Statistics* (November 1960), p. vii.

Postwar series joined to 1925-1938 series by indices for 1938 and 1948 in above UN sources. USSR, Eastern Europe, and Mainland China not included in GATT and UN data. All series recomputed to 1925 = 100.

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TABLE 13. RATIO OF FOREIGN TRADE TO NATIONAL INCOME, 1949

Per Capita National Income in 1949 (in dollars)	POPULATION (IN MILLIONS) *Under 1*	*1-10*	*10-40*	*40-100*	*Over 100*	*Average*
Over 900	—	—	—	—	9 (n=1)	9 (n=1)
600-900	—	52 (n=5)	51 (n=1)	39 (n=1)	—	47 (n=7)
300-600	150 (n=1)	73 (n=7)	44 (n=3)	26 (n=2)	—	73 (n=13)
100-300	—	66 (n=11)	39 (n=6)	27 (n=3)	—	44 (n=20)
Under 100	—	65 (n=11)	60 (n=5)	133 (n=2)	9 (n=2)	67 (n=20)
Average	150 (n=1)	64 (n=34)	49 (n=15)	56 (n=8)	9 (n=3)	66 / 48

SOURCE: W. S. Woytinsky and E. S. Woytinsky, *World Commerce and Governments*, New York, Twentieth Century Fund, 1955, p. 66.

TABLE 14. RATIO OF FOREIGN TRADE TO *GNP*, 1955

Per Capita GNP, 1949 (in dollars)	POPULATION (IN MILLIONS) *Under 1*	*1-10*	*10-40*	*40-100*	*Over 100*	*Average*
Over 900	72 (n=1)	48 (n=8)	35 (n=1)	30 (n=2)	7 (n=1)	38 (n=13)
600-900	—	64 (n=1)	78 (n=1)	31 (n=1)	4 (n=1)	44 (n=4)
300-600	—	44 (n=7)	33 (n=3)	20 (n=1)	—	33 (n=11)
100-300	—	54 (n=24)	22 (n=11)	62 (n=3)	—	46 (n=38)
Under 100	—	61 (n=3)	44 (n=5)	15 (n=1)	10 (n=1)	33 (n=10)
Average	72 (n=1)	54 (n=43)	42 (n=21)	32 (n=8)	7 (n=3)	41 / 38

SOURCES FOR TRADE DATA:
United Nations, Statistical Papers, Series T, Vol. IX, No. 7, *Direction of International Trade*, New York, 1958.

INCOME DATA:
Research Center in Economic Development and Cultural Change of the University of Chicago, in Senate Document No. 52, 85th Congress, 1st Session, pp. 238-39.

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Chart II summarizes the trends indicated in Tables 5-8, 10, and 11 for the principal Western trading nations.

Altogether, the main trading countries of the non-Communist world present strikingly parallel patterns. The ratio of foreign trade to national income rises in the early stages of industrialization and reaches its peak for most of the countries examined somewhere between 1870 and 1919. World War I was followed typically by stagnation or moderate decline in the trade-income ratios, but the 1929-1933 depression brought a much more radical fall. Some of this fall was made up in the decade after 1945, but by the mid-1950's a number of exports-to-income ratios had not yet regained even the depression levels of the 1930's. On the basis of the indications we have of current economic developments—even before the onset of the 1957-1958 recession—it seems quite unlikely that the ratios of foreign trade to domestic incomes in the world at large will rise substantially in the future. In all probability, the world will not see again, in this respect as in many others, the "normality" of pre-1914.

IV. The Special Problem of the Soviet Bloc Countries

A minor contrast to this picture may be presented by some Soviet bloc countries in recent years. There is very little doubt that in recent decades the domestic product of the USSR has risen faster than foreign trade. However, in the last few years this phenomenon may have been reversed, as evidenced by the tentative data presented in Table 15.

The ratios for the 1950's are admittedly based on the crudest kind of national income data. However, the phenomenon of a rising Soviet foreign trade ratio for recent years is confirmed by other quantitative and qualitative indicators. Similar trends for the same period seem indicated for Bulgaria, Czechoslovakia, and Hungary.[11]

It is interesting to note that the bulk of this expansion in Soviet trade has been with the non-Communist world. Thus, while Soviet exports to non-bloc areas have nearly quadrupled between 1950 and 1957, exports to other bloc countries have increased by only about 115 per cent.[12]

Fragmentary as they are, these data suggest an intriguing question. Do the Soviet-type economies follow a different pattern of develop-

[11] United Nations, *Economic Survey of Europe in 1957*, Chapter VI, p. 22, Chart 3, and Appendix 66, Table XXXVII.

[12] *Ibid.*, p. 2, Table 1; and United Nations, *Direction of International Trade*, Statistical Papers, Series T, Volume IX, No. 7, New York, 1958.

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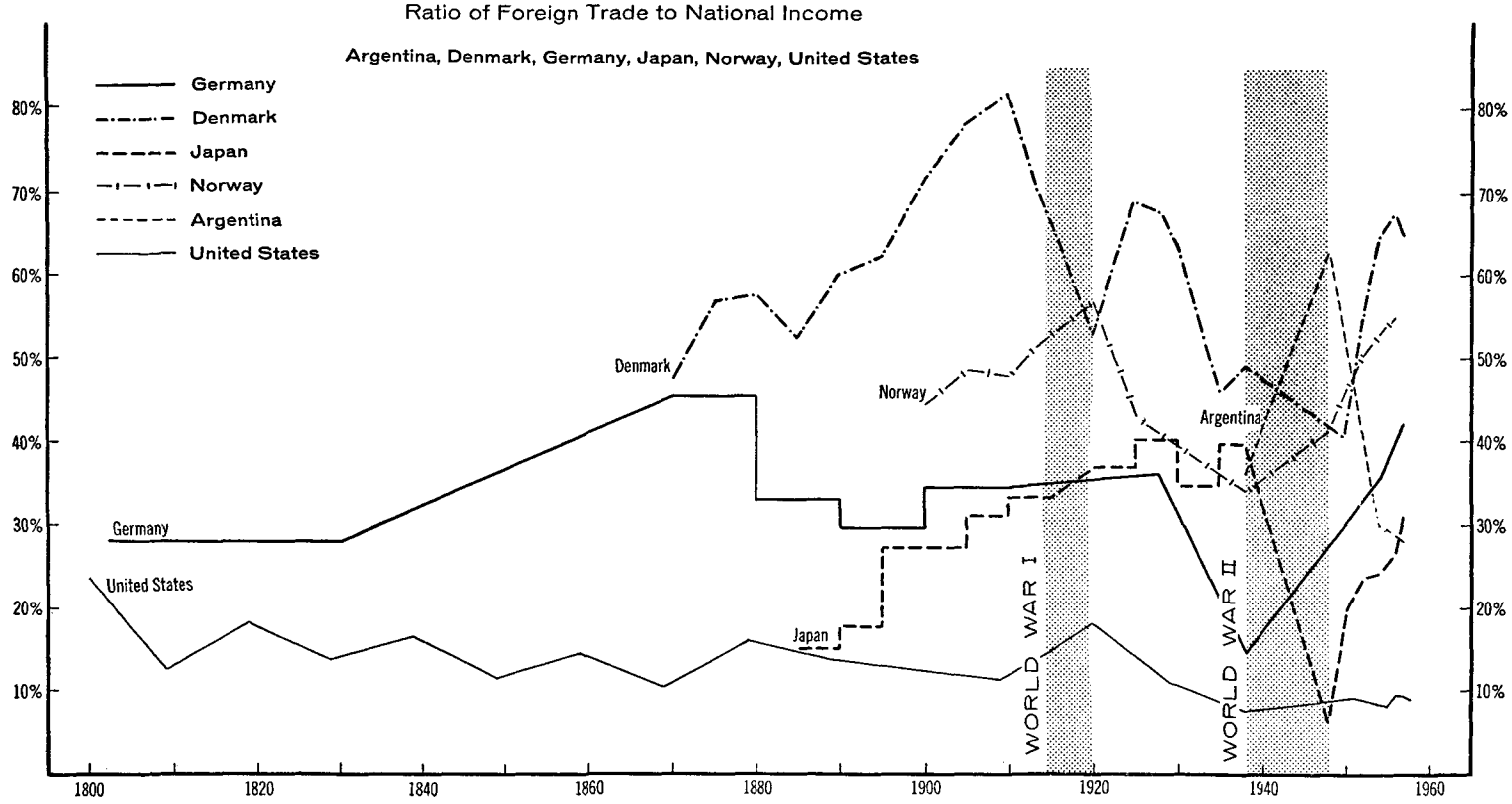

CHART II

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ment than their non-Soviet counterparts? Or is there a single long-run trend in the evolution of the T/Y ratio for all kinds of countries, and were the Soviet bloc economies only catching up more rapidly between 1950 and 1957 from some abnormally low levels of

TABLE 15. PER CENT RATIOS OF USSR FOREIGN TRADE AND GROSS NATIONAL PRODUCT, 1928-1957

Year	*E/Y*	*M/Y*	*T/Y*
1928	2.5	2.9	5.4
1937	0.6	0.5	1.1
1950	1.7	1.4	3.1
1956	2.1	2.1	4.2
1957	2.6	2.3	4.9

SOURCES:

For the prewar years, GNP figures were obtained from A. Bergson, *Soviet National Income and Product in 1937*, New York, Columbia University Press, 1953; and O. Hoeffding, *Soviet National Income and Product in 1928*, New York, Columbia University Press, 1954. Foreign trade figures are based on A. Baykov, *Soviet Foreign Trade*, Princeton, Princeton University Press, 1946, Table 1, pp. 102-3, and *Sotsialisticheskoe Stroiteljstvo SSR*, Moscow, 1934, Table 1, p. 377. For these years, the ratios are based on ruble values.

For the postwar years, there are as yet no reliable national income estimates published. The ratios presented here are based on U.S. dollar estimates published in *The Sino-Soviet Economic Offensive in the Less Developed Countries*, Dept. of State Publication No. 6632, May 1958, p. 14. Using these as a point of departure and assuming a 7% average rate of economic growth between 1950 and 1957, crude dollar estimates for 1950 and 1956 were obtained. These were then converted into current price terms by use of the U.S. consumer price index. Foreign trade data expressed in current dollar value were obtained from the United Nations, *Economic Survey of Europe in 1957*, Geneva, 1958, Chapter VI, p. 2; and United Nations, Statistical Papers, Series T, Vol. IX, No. 7, *Direction of International Trade*, New York, 1958. Data for 1928-1956 were provided by Professor Abram Bergson.

foreign trade, relative to national income, caused by various political restrictions upon foreign trade during the Stalin era?

To the extent that the latter is the case, the recent rise in the T/Y ratios of Soviet bloc countries should prove merely a temporary spurt. If, on the contrary, T/Y ratios in Soviet-type countries continue to rise, while remaining unchanged, or even declining, in most non-Soviet countries, interesting contrasts in the potential development of nationalism in these different types of countries would be suggested. The whole matter of Soviet bloc trade-and-income trends clearly requires more thorough study of longer series of data. Despite its difficulties, a critical comparison of the T/Y ratios of long-term trends in Soviet and non-Soviet countries would be highly desirable.

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Pending such additional evidence, it seems well to bear in mind that the T/Y ratio of the Soviet Union in the mid-1950's was just over half the corresponding ratio for the United States. Over the long course of Soviet industrialization from the 1920's the Soviet T/Y ratio clearly declined, and by 1957 it still remained at 10 per cent below its 1929 level. It seems reasonable, therefore, to look for some long-run factors which might tend to depress the T/Y ratio in the later stages of industrialization, independent to some extent of the prevailing social system. A brief discussion of some potential factors of this kind may well suggest some lines for further inquiry, and, more tentatively, some possible perspectives for the future.

In any case, if one bears in mind Chairman N. S. Khrushchev's recent pronouncement that "trade is like a barometer; it shows the direction of the development of policy," any trends in the present low level of the T/Y ratio in the Soviet Union deserve careful study for the questions they suggest about the long-run cohesion of the Soviet bloc.[13]

V. A Note on Prospects

There are some reasons which make it seem plausible that the ratio of foreign trade to national income will continue to decline in many countries, and for the world as a whole, for some time to come. Despite their speculative character, six hypotheses may be indicated briefly for the trends observed thus far in the non-Communist countries.

(1) *In the early stages of industrialization, the T/Y ratio is apt to rise.* For this, several reasons can be suggested:

(a) The economy becomes more commercialized, beginning with those sectors and regions most in contact with more advanced foreign countries. These early stages of commercialization, while developing a home market, include a particularly high proportion of international transactions.

(b) Capital goods are imported, followed often by prolonged demand for imports of fuel, lubricants, spare parts, etc.

(c) The employment of wage labor requires the commercial distribution of food and of some manufactured consumer goods, particularly textiles. Many of these items, as well as hand tools, nails, screws, and other minor equipment, may have to be imported.

(d) Expenditures in the domestic sector tend to lag. Thus social

[13] *New York Times*, September 17, 1959, p. 18, col. 4. These data may serve to put in perspective the massive earlier shift toward intra-Soviet bloc trade between 1948 and 1951. Cf. Z. Brzezinski, *The Soviet Bloc*, Cambridge, Mass., 1960, pp. 126-27, 130-31.

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overhead capital for transport tends to be limited at this stage to the shortest rail or road connections to seaports, without provision for an integrated network of inland transportation. At the same time, outlays on housing for labor, and on mass education, tend to be rudimentary.

(2) *As industrialization accelerates, the domestic sector may tend to catch up.* A series of major construction works tends to follow, such as a road and railroad network, a system of secondary ports, canals, airports, etc., dams for power and irrigation; together with rising expenditures for schools and housing, and especially for army barracks and government buildings. These shifts may slow the rise of the T/Y ratio and induce it to level off.[14]

(3) *In the advanced stages of industrialization, the service component of the national product tends to rise.* Most of these services—such as housing, mass education, and government—are mainly produced and consumed domestically, and contribute very little to international trade. Domestic transport and communication in these later stages likewise tend to grow faster than their international counterparts. As a result, the T/Y ratio may now tend to decline.

(4) *The technology of advanced industrialization is in part a technology of substitutes, which replaces a significant proportion of imported materials by local resources.* Thus hydroelectric power and atomic energy compete with imported coal and oil; synthetic fibers vie with cotton, silk, and wool; nitrogen fixed from air takes the place of imported nitrates; synthetic rubber cuts into the market for the natural variety; glass, plastics, and paper products establish themselves in competition with imported metals; and relatively ubiquitous

[14] Cf. also the illuminating comments by Albert O. Hirschman: "Imports play a dual role in the course of development. First, as we shall see, they bring with them powerful development stimuli. And yet this creative role is being performed in a manner worthy of ancient tragedy: once the stimuli have become sufficiently strong to result in effective development moves, the specific commodity flows from which they emanated in the first place are destined to wither and die. . . . Imports . . . reconnoiter and map out the country's demand; they remove uncertainty and reduce selling costs at the same time, thereby bringing perceptibly closer the point at which domestic production can economically be started. This point is of course again determined by the minimum size of plant, as well as by cost and location factors that jointly define the 'domestic production threshold.' . . . The gradual swallowing up of manufactured imports is certainly an everyday experience in developing countries. The defenders of traditional international trade theory lament it because they view it as a loss of real income caused by interferences with the price mechanism. The protectionists and advocates of industrialization are delighted by it because they see in it liberation from exploitation by the industrial countries. But both parties have failed to see the connection between the two phases, i.e., the manner in which the growth of imports induces domestic production" (*The Strategy of Economic Development*, New Haven, Conn., 1958, pp. 120-22).

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metals like aluminum displace, in part, imported copper. Few, if any, of these substitutions are total, but their aggregate effect in lowering the T/Y ratio should not be negligible.

(5) *Advanced technology also increases the importance of the refining and finishing stages in the processing of raw materials*, as in the case of oil refining and the petrochemical industry connected with it. Advanced countries can and do develop these stages of industry within their own borders, importing in their cruder and less valuable state such raw materials as they still need. If true, this process, too, should tend to depress the T/Y ratio.

Progress in manufacturing, in short, consists in part in placing a greater amount of elaboration through capital and labor upon a relatively unchanging amount of raw materials. A portable television set does not require more raw materials by weight than a hand-cranked phonograph, but its manufacture does require a relatively higher proportion of both capital and labor. This factor may be partly balanced, however, by the increasing export of capital goods from the industrial countries to those underdeveloped areas which are just entering the earlier stage of economic development. Thus the volume of exports from non-industrial countries in 1957 was 50 per cent above the 1928 level, while the volume of exports from industrial countries had risen faster, to 62 per cent above 1928. Nevertheless, the increase in the volume of exports by 58 per cent above the 1928 level fell far "short of the increase in the world's production of commodities, which was by over 100 per cent during that period" of 1928 to 1957.[15]

(6) *Advanced industrial countries are increasingly vulnerable to economic instability*. Economic depressions, such as that of 1929-1933, are capable of throwing out of work between one-quarter and one-third of the total labor force of an advanced industrial country. Agriculture production and industrial investment can be disrupted for prolonged periods by economic fluctuations. This growth in objective vulnerability is paralleled by a cumulative change in public attitudes, also characteristic of advanced industrialization, and demanding full employment, economic security, and social welfare for the entire population.

These processes generate increasing political pressure for effective controls over economic activity. The only controls developed thus far

[15] The Contracting Parties to the General Agreement on Tariffs and Trade (GATT), *Trends in International Trade: Report by a Panel of Experts*, Geneva, October 1958, pp. 20-21, and Table 2, p. 20. The panel was chaired by Professor Gottfried Haberler and its other members were Roberto de Oliveira Campos, James Meade, and Jan Tinbergen.

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that have been at least partly effective are political controls at the level of the national state. Governments thus find themselves impelled to extricate as much as possible of the national economy from a world market that they cannot control, and to shift an increasing part of economic activity into the domestic sector, which they can control at least to some extent.[16] So long as the need for economic control and stabilization persists, and no effective international instruments for this function are developed, governments' efforts may be directed to pushing the T/Y ratio lower. These same pressures contributed in the past to the abandonment of the gold standard, and they seem likely to limit the chances for any substantial liberalization of international trade until effective international patterns of economic control and political consensus can be found.

Many traditional writers on international politics and economics have made little effort to assess the scope of this process and the strength of the needs which have been driving it. Where they have not ignored or minimized the relative decline of international trade, they have assigned a major part of the responsibility for it to the protectionist policies of national governments. These policies, it has been suggested, hampered the growth of the international trade sector, not only in the protectionist countries themselves, but eventually also in the economies of their more nearly free-trading partner countries everywhere. There is, no doubt, some truth in this. Although the first wave of strongly protectionist legislation—after 1865 in the United States, and after 1878-1882 in much of Continental Europe—did not keep the T/Y ratio of Britain from its high levels until the First World War, the more stringent tariffs, quotas, and currency controls of the interwar period of 1919-1939 certainly played their part in the decline of T/Y ratios in many countries during this period. The degree to which these T/Y ratios recovered in 1945-1950, and to which they then rose, persisted, or declined in 1950-1959, gives some indication of the effectiveness of the efforts to liberalize world trade and to modify or replace protectionist national policies by international co-operation.

A serious discussion of protectionism would clearly go beyond the limits of this article, but this much can be said: protectionist policies are not an uncaused cause. Rather, they reflect the strength and effectiveness of pressures for or against more liberal trade policies, for a larger or smaller foreign trade sector, and for greater reliance on domestic

[16] For a highly relevant discussion of this problem, see William Y. Elliot, *The Political Economy of American Foreign Policy: Report of a Study Group*, New York, 1955, pp. 38-54.

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or international institutions for economic control and development. Seen from this viewpoint, the rise of protectionist practices and the relative decline of the foreign trade sectors in many countries may reflect related aspects of the same process: the growing need for some effective agencies for the control, stabilization, and development of the vast powers of modern industrial economies, and the prolonged lag in the rise of international institutions adequate to cope with these requirements.

Pending the creation and acceptance of such international institutions, the present trends toward a relative weakening of the international economic sectors may well continue for some time. It may thus turn out that long-run economic trends in themselves do not promote internationalistic policies, but that deliberate political action may be required to change the course of economic development from increasing relative isolation toward a more integrated world community. Economic growth does, however, make such choices possible; and some of the practices and institutions transcending national boundaries may be developing now on a more limited scale in some of the regions of the world where two or more countries are moving toward greater supranational integration.

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Review Articles

INTERNATIONAL RELATIONS THEORY—CONTINUED

By RICHARD C. SNYDER

William T. R. Fox, ed., *Theoretical Aspects of International Relations*, Notre Dame, Ind., University of Notre Dame Press, 1959, 118 pp. $3.25.
Trygve Mathisen, *Methodology in the Study of International Relations*, New York, The Macmillan Company, 1959, 265 pp. $3.75.

THESE two books should be viewed as additions to a stream of international relations literature which is growing in volume and changing in direction. For the past six or eight years the field of study has appeared to be undergoing another distinct period of significant ferment and growth—at least in the United States. It is not so much that the basic concerns of the previous period (roughly from the late 1930's to 1950 and also one of considerable progress and redirection) have changed; rather our *thinking* about these concerns has changed. The trend is toward (1) increased preoccupation with the nature, building, and uses of theory; (2) more explicit formulation of the purposes and objects of inquiry; and (3) the creation of a multiple strategy for ordering existing knowledge and for accumulating new knowledge.

Evidence for this statement can be found in several sources[1] and will not be reviewed here. This trend is certainly closely correlated with, if not directly induced by, improved analytical techniques among students of international relations, concurrent developments in the social and behavioral sciences, and revolutionary changes in the international arena. Given the range and complexity of phenomena, plus the conditions just mentioned, it is not surprising that the quest for intellectual coherence and control at this particular stage is marked by exploratory attempts to establish the essential character of the subject matter. To put the matter crudely, the conceptual terrain seems to be

[1] For example, Stanley Hoffmann, *Contemporary Theory in International Relations*, New York, 1960; Harold Sprout, "International Politics and the Scholar," *Princeton Alumni Weekly*, Vol. LIX, January 23, 1959; Charles McClelland, "The Function of Theory in International Relations," *Journal of Conflict Resolution* (forthcoming); Richard C. Snyder, "Some Recent Trends in Theory and Research Focussed on International Relations," paper, International Political Science Association Conference, University of Michigan, September 12-16, 1960.

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more orderly and economical than it was ten years ago, but the empirical terrain apparently has been enlarged—partly because of the social change already mentioned and partly because of the realization that theory and research entail historical and cross-cultural depth. Such concepts as "system," "decision-making," "communication," "equilibrium," "interaction," "actor," "process," and "society" now appear much more frequently and have tended to replace or subsume lower-order concepts of the past. On the other hand, we pay more attention to nongovernmental factors and relationships, and the number of "entities" with whose behavior and actions we are concerned has increased. As our theories become less bound by time and space, presumably more items will be encompassed by our propositions.

I

For Trygve Mathisen, Fellow of the Norwegian Research Council for Science and the Humanities, "world society" is a fundamental concept. Few others have taken this point of departure so explicitly.[2] Obviously most writers have acknowledged the globalization of international politics, but this is not quite the same thing. In effect, Mathisen defines the study of international relations as the study of *intersocietal* relations—i.e., anything which "originates" within the "borders" of one "society" and "affects" another "society" (p. 168). He discusses world society in two chapters (Chapter V: "The Heterogeneity and Dynamics of World Society"; and Chapter VI: "The Main Structure of World Society") and lays heavy stress on the basic theme of intergroup relations, of which interstate relations are a special class. Unfortunately, he does not discuss at any length what theoretical implications follow from his analysis. Two questions are implied by this orientation: Does the network of intersocietal interactions and relationships meet the minimal empirical tests which most social scientists would apply in the determination of whether a society exists? If these conditions are fulfilled, what advantages and consequences flow from an overt recognition of this fact? On the first question, Mathisen's points are germane but not necessarily conclusive; he says little on the second question.

Interdependence, partial communities, and lack of societal integration at the international level have long been recognized. Nonetheless, rigor-

[2] George Schwarzenberger is an exception; see his *Power Politics*, London, 1941. See also Percy Corbett, *Law and Society in the Relations of States*, New York, 1951; Feliks Gross, "The Sociology of International Relations: Research and Study," *International Social Science Journal*, XII, No. 2 (1960), pp. 269-76.

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ous exploitation of both the empirical fact of a world society (if indeed it is a fact) and the conceptionalization of international politics in this context have not yet been undertaken. Unless we are oversupplied with hypotheses and fruitful research leads, we might begin to think speculatively about the possible consequences of viewing the world as a *stateless* society[3] in process of developing a differentiated political structure. Among other things, such an approach would make relevant a substantial body of anthropological literature which has not yet been applied to our concerns. In stateless societies, for example, there are significant mechanisms for controlling violent conflict among subgroups. One of these is related to patrilineal descent, which operates to inhibit the killing of close lineage-mates in other communities which comprise the society.[4] Clearly we would not expect to find exact counterparts to such mechanisms in the world society, but there may be suggestive equivalents. This example points to the familiar "cross-pressures" hypothesis developed in sociology,[5] which might yield interesting insights into international conflict and the stability of coalitions.

The remainder of Mathisen's "model"—i.e., a taxonomy of the elements of international relations—also manifests a marked sociological flavor: the natural environment; associative and dissociative trends (integration and disintegration); changing political patterns (globalization); standards of conduct (norms); the development of institutions; the behavior of states; actors other than states; and violence (from essentially an anthropological viewpoint). Now it is true that Mathisen does not link his ten foci in any sort of meta-framework. Perhaps what is noteworthy is that on the issues of the core and the outer limits of the field of international *relations,* his position is at one end of a continuum—the other end being occupied by a narrow definition of international *politics.* Equally noteworthy is an emphasis on social change, a complex of factors universally agreed to be important though not yet incorporated in our theory. Again, Mathisen does not push the theoretical portent of his analysis, but this is uncharted territory for most of us. Closely related to the emphasis on change is his plea for trend analysis—a need long championed by Harold Lasswell. Except for demographic projections, we are lacking an agreed specification of what kinds of trend data we require for what policy and theoretical purposes.

[3] The anthropological term is perhaps more properly a *segmentary* society.

[4] Robert A. LeVine, "Problems in the Study of Stateless Societies," paper, Central States Anthropological Society, 1959.

[5] Charles Y. Glock, "Issues That Divide: A Postscript," *Journal of Social Issues,* No. 3 (1956), pp. 3-11.

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Mathisen shares with many of us in the United States a firm dedication to the improvement and orderly clarification of the study of international relations. His contribution lies more in a broad socio-political perspective focused on the analysis of interaction among units than in the construction of theory or the perfection of research techniques.

II

The symposium edited by William T. R. Fox grew out of a series of discussions which began in 1954 under a Rockefeller Foundation grant. It consists of lectures given at Columbia University's Institute of War and Peace Studies by Paul Nitze, Hans Morgenthau, Kenneth Waltz, Charles Kindleberger, Arnold Wolfers, and Reinhold Niebuhr, and by Fox himself. In the absence of an agreed framework, the individual presentations are not forced into a preconceived mold. As Fox notes in his preface, three kinds of theory are represented—normative, empirical or scientific, and rational—and the essays fall into three general categories: the characteristics and use of "speculative analyses" (Nitze, Morgenthau, and Fox); "outside" theories (Waltz, Kindleberger); and consideration of "substantive theoretical problems" (Wolfers, Niebuhr). These are interesting, often provocative, essays which by their very nature prompt a wide variety of comments. Within the compass of a short review it is not possible to give each presentation the attention it deserves. Fortunately, in several cases (Morgenthau,[6] Waltz,[7] and Niebuhr[8]) the author's general approach is more fully revealed elsewhere. A limited number of issues and problems have been selected for comment.

Building theory is never easy, especially if it is attempted with a combination of rigor, empirical testing, and imagination. The range and complexity of the phenomena of international relations add to the difficulties. Further complications arise from some confusion over *levels* of analysis, generality, and explanation, and from an incomplete specification of the *units* whose actions, interactions, and relationships are of basic concern. Until certain operations (e.g., classification, conceptual clarification) are completed and ongoing research is farther along, a multiple strategy makes the most sense. This need not result in muddled eclecticism *if* assumptions are made explicit (Waltz), *if* rules for the admissibility of theories can be agreed upon (Fox), and *if* improved

[6] *Politics Among Nations*, New York, 1956; *Scientific Man vs. Power Politics*, Chicago, 1946.
[7] *Man, the State, and War*, New York, 1959.
[8] *The Structure of Nations and Empires*, New York, 1959.

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communication among theorists makes possible controlled comparison of results and replication. This reviewer believes that there is more complementarity and consensus lurking beneath the surface of differences in style and vocabulary than is realized. Whether or not international relations can be a disciplined,[9] coherent area of inquiry depends primarily on the conduct of those dedicated to it. Hopefully, pointless controversies (e.g., behavioral versus non-behavioral approaches) are dying down.

Several different pathways to theory are illustrated by these essays. Morgenthau, whose line of thought is well known, regards an international political theory[10] as a special instance of a general political theory. In terms of this technique, international relations theory is not arrived at autonomously; hence its quality will be no better and no worse than the general theory from which it is derived. Among other issues raised is the status of the central concept of *power*—an issue which has been prominent in the discussions of Morgenthau's writings. Clearly there is still widespread dissatisfaction, despite the notable clarifications and advances provided by Klaus Knorr,[11] Harold and Margaret Sprout,[12] and Ernst Haas.[13] Curiously enough, significant conceptual improvements by those outside the field of international relations[14] have not yet been seriously considered. Furthermore, a recent propositional inventory of leading textbooks in international relations suggests that while power, as both phenomenon and concept, is pervasively mentioned, no single analytic formulation plays a key role in major explanatory propositions.[15] Regardless of how a writer defines power initially, when it is used in particular propositions a variety of meanings become evident—$power_1$ . . . $power_n$. Two possibilities emerge: either power must be more basically, rigorously, and opera-

[9] The question: Is international relations a discipline? does not necessarily lead to fruitful discussion when it is taken literally.

[10] In this particular essay, Morgenthau regards international relations and international politics as synonymous.

[11] *The War Potential of Nations*, Princeton, N.J., 1956.

[12] *Man-Milieu Relationship Hypotheses in the Context of International Politics*, Center of International Studies, Princeton University, 1956.

[13] "The Balance of Power: Prescription, Concept, or Propaganda?" *World Politics*, v, No. 4 (July 1953), pp. 442-77.

[14] Robert A. Dahl, "The Concept of Power," *Behavioral Science*, II, No. 3 (July 1957), pp. 201-15; Herbert Simon, "Notes on the Observation and Measurement of Political Power," *Journal of Politics*, XV, No. 4 (November 1953), pp. 500-16; James G. March, "An Introduction to the Theory and Measurement of Influence," *American Political Science Review*, XLIX, No. 2 (June 1955), pp. 431-51; John French, "The Bases of Social Power," in Dorwin Cartwright, ed., *Studies in Social Power*, Institute for Social Research, University of Michigan, 1959.

[15] Denis Sullivan, "The Concept of Power in International Relations," paper, Midwest Conference of Political Scientists, Bloomington, Ind., April 29, 1960.

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tionally defined; or it must be replaced by other concepts which specify the various conditions under which actors influence each other's behavior in the international arena. Perhaps what is needed is a theory of how entities called societies exert reciprocal influence—a formidable task, to be sure, but one which is underscored by everyday examples: the disparity between force capability and actual control over choices (e.g., Cuba and the United States), and the "prestige barometer" implied in the score-keeping which presently characterizes the cold war.

Other modes of theory construction can be seen in the Kindleberger and Waltz essays, which are, as noted, classified by the editor as "outside" theories. Though entitled "Political Philosophy and the Study of International Relations," Waltz's essay appears to give a useful demonstration of how philosophical analysis can help reveal the crucial assumptions which always underlie theoretical activity. At any rate, Waltz's technique is to begin theorizing by posing a fundamental question and then to order various answers as systematically as possible. Oversimplified, his question is: Why war as a recurrent pattern of interaction? However, Waltz also asks a prior question: Where does explanation begin? This is a proper query, but one is tempted to add another: Where (or perhaps, when) does explanation end? For here the problem of levels of explanation arises. Waltz makes a serious case for confining the search for the "causes" of war to properties of the interstate system, rejecting the "nature and behavior of man" and "political structures" as sources of explanations of violent conflict. As Waltz would certainly recognize, whether or not there is ultimately a confident, intersubjective satisfaction with explanations rooted solely at this level among theorists and researchers depends on further developments. Meanwhile, alternatively based theories should be constructed and tested against experience. If, as often happens, even reliable generalizations require further explanation, it may be necessary to call upon propositions essentially geared to another level or unit of analysis. In this connection, Kindleberger[16] has raised an intriguing question, though not in the present context. He inquires: Is it necessary for the stability of an international system that countries (or those acting for them) *understand* the system? Are there autonomous system properties independent of the properties of participating units? This line of questioning probes a critical nexus—namely, the distinction between system properties which are *resultants* of the normative behavior of participating units and those which are given by the system and *internalized* by

[16] "Scientific International Politics," *World Politics*, XI, No. 1 (October 1958), pp. 83-86.

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decision-makers. Thus the two levels may be opposite sides of the same coin. Moreover, the assumption that war is to be accounted for only by the nature and operation of the state system is confronted with the awkward circumstance that, despite the system, some wars or violent encounters did *not* occur. Nevertheless, Waltz offers a profitable reminder that a premature or slavish commitment to a predominantly micro-approach to an understanding of violent conflict (i.e., one involving psychological and intra-unit explanations) may be misleading. It seems likely that theory must in the long run encompass or link several levels. Toward this end, we must make clear in our discourse what dependent, intervening, and independent variables we are using, and the different ways in which the same empirical data and units of analysis may function, depending on how we formulate our problem.

The use of analogs is to be expected of an outsider like Kindleberger—particularly if he is an economist. More than this, a fresh view of things taken for granted is salutary when presented perceptively, as in this case. On the basis of a distinction between a budget and a market, Kindleberger stresses the difference between national and international politics—the latter consisting of relations among governing units which are obligated to maximize the welfare of the state and its citizens. International sharing is more difficult because of the absence of common items of expenditure for mutual benefit. However, he admits that a special theory may be needed for NATO and other transnational groupings and, even more important, he hints that there may be "elements of international politics in relations among the components of a state." He might be read to mean that within a society there are groups or organizations which are maximizing different things in different ways at different times while being bound up in a common, interdependent fate. In general, the exploratory analysis of possibly relevant examples of divided and shared decision-making arrangements within societies for the study of international relations has been neglected. Offhand, it is conceivable that, say, a metropolitan area, with its many jurisdictions, local jealousies, and problems which do not fit jurisdictional boundaries, might be profitably examined from this vantage point, especially since budgeting and intergovernmental negotiations are so intermixed.

By the employment of such economic concepts as "short-run bilateral monopoly," "long-run monopolists," and "pure competition," Kindleberger throws a somewhat new light on the old problem of the stability or instability of a balance-of-power situation. He modestly avoids dogmatic assertions applicable to the international political realm. Rather he offers tentative hypotheses drawn from his knowledge of

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the behavior of economic actors under conditions which seem on inspection to be congruent. This leads him to emphasize the need for a theory of bargaining which combines power relationships, skills and tactics, the states of affairs to be maximized, and the time perspectives of the parties. The development of bargaining notions applicable to international conflict is best represented in the work of Thomas Schelling,[17] another economist. This development is a feature of deterrence theory, a relatively new body of thought which has tended until recently to be divorced from traditional international relations theory.

Only three strategies of theory building have been mentioned; obviously there are others.[18] The test for concepts is fruitfulness, and for theory the test is either the truth of particular statements or their adequacy if deductively derived theorems are found to be true. While individuals will have their own style preferences, from the standpoint of their *collective* activity, *a priori* controversy concerning relative merits of alternative roads to theory seems wasteful. At this stage, to repeat, a multiple strategy seems indicated. Later judgments can be made on empirical grounds. In addition, these essays confirm the reviewer's conviction that the relationship between international relations theory and other social theories will be characterized by semi-autonomy for the former. That is, it will be grounded partly on borrowed elements and partly on elements developed independently by those specializing in this realm of behavior.

III

Wolfers addresses himself to another theoretical aspect, namely, the identification of the actors in international relations. One phase of the unit problem is: Who performs on the international stage? Like Waltz, Wolfers is critical of what he calls "minds of men" theories and decision-making theories. The latter he interprets as ripping the decision-makers out of context, as being useful only in explaining unique events, and as involving irrelevant data—e.g., "personal events" which take place "within the psyches" of individual statesmen. He prefers "subnational actors" (presumably elites or organized groups) to decision-makers as a focus, though it is not entirely clear how these actors affect policy choices. In sum, Wolfers argues for "states as actors" on the assumption of "the paramount position of the nation state." General goals and responses typical of *all* states are postulated, which seems to imply com-

[17] *The Strategy of Conflict*, Cambridge, Mass., 1960.
[18] Snyder, *op.cit.*, pp. 14-16; McClelland, *op.cit.*, esp. pp. 38ff.

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mon repeated reactions to certain kinds of objective conditions—for example, deprivation of some value such as territory.

In this view, no case study of the U.S. decision to drop the atomic bomb on Hiroshima is necessary because, so a basic postulate goes, "states tend to use their most powerful weapons." An assumption that decision-makers acting for states share certain predispositions and react to an environment having durable features thus makes possible some kinds of predictions or *ex post facto* explanations. Wolfers admits that the proposition just cited does not account for the restraint on the use of nuclear weapons in the Korean War. Accordingly, he suggests a deeper analysis or another theory to explain the "deviant" outcomes. Wolfers evidently intends his deductive model of states as actors to be a more convincing and economical alternative to the two approaches he criticizes. Again, the predictive and explanatory power of his theory is a matter for later empirical judgment. At the moment, whether these propositions are testable, are worthy of confidence in view of their apparent inability to accommodate crucial exceptions, and are situationally referred is at least open to question. Nonetheless, Wolfers seems essentially to be making a case for parsimony and this is important. Initially, it appears easier to proceed from a limited set of postulates than to build theory laboriously through case studies of particular decisions which also aim at generalizations about how states will behave under specified conditions. What remains to be discovered is whether the cheapest ride is the longest way home.

Both Nitze and Wolfers recognize the need to incorporate into theories of international relations "non-state actors," overlapping authority patterns, divided sovereignty, split loyalties, and interrelations of entities not usually coterminous with national boundaries. No one doubts the continued significance of the nation-state as one of the primary units of interaction. However, apart from international organizations, which have long commanded attention, are there other units of analysis—social movements, stateless societies, or societies that are neither nations nor states in the usual sense—which ought to be included? One has the impression that the globe has become honeycombed with systems and subsystems of intersocietal interaction which do not fit our existing categories; for example, the scientific community. To this reviewer, it appears that the task of theory building would be simplified by a systematic classification of units and systems of action and a specification of relevant characteristics which would permit comparison of similarities and differences. Stanley Hoffmann has already pointed out the

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dangers of time-bound perspectives.[19] Contemporary social change may also have made observers space-bound because of habitual modes of conceptualizing objects of concern. Typification of varieties of international systems has begun,[20] but much remains to be done. For many, classification is a mundane activity to be dismissed as a matter of *mere* definition. It is well to be reminded that, in the inexact sciences, operations which facilitate the *recognition* of phenomena to be observed and explained, as well as the ordering of countless individual instances via carefully constructed categories, are necessary to theorizing. Indeed, the exercise of classifying raises in a very sharp way the whole question of theoretical purposes.

IV

In his essay "The Uses of International Relations Theory," Fox provides a useful, and unfortunately rare, discussion of the relationship between theory and policy and of appropriate criteria for the admissibility of theories. His thirteen criteria (p. 41) are really standards for exclusion; if conscientiously applied, they would clear the air of much that is confusing and enervating. Few will disagree with his list, either specifically or in its general tenor. Two supplementary comments may be offered. First, three accepted criteria are not mentioned explicitly, perhaps because of the emphasis on exclusion: (1) that known observations or facts be accounted for; (2) that new observations be induced; and (3) that observed phenomena which seem quite separate be shown to be related.

Second, one of Fox's rules (No. 2) bars the door to those theories "whose ordering concepts have no clear empirical referents or ones so ambiguous that they are incapable of verification or disverification, much less proof." Another rule (No. 3) would eliminate "those which create a model of world politics which is such a distortion of reality that it obfuscates rather than clarifies when one tries to relate the imagined world to the observed one." If rule No. 2 states the desirability of operational concepts at a certain stage of theory development, and if rule No. 3 states that *ultimately* experience—i.e., the facts—must be found to accord with the theory or the theory is false, there is no difficulty. On the other hand, the phraseology could lead to unintended inferences. The point has already been made that verification is an in-

[19] "International Relations: The Long Road to Theory," *World Politics*, XI, No. 3 (April 1959), pp. 346-77.

[20] Morton A. Kaplan, *System and Process in International Relations*, New York, 1957; Ernst B. Haas, "The Comparative Study of the United Nations," *World Politics*, XII, No. 2 (January 1960), pp. 298-322.

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appropriate criterion for concepts *per se*. Beyond this, however, we should not ignore the possibility that theoretical entities—i.e., constructs having no observable counterparts—may be helpful in generating new observations and generalizations. Non-empirical concepts are not inferred from reality nor are they as "close to" reality as so-called common sense ones. In this case, we literally invent what our propositions are supposed to be about. Taken by themselves these inventions are of little use, but if they supply premises from which empirical generalizations can be deduced and confirmed, new knowledge can be gained. Thus the question is not always whether a particular entity (for instance, a particular international unit or system) really exists; rather, the question is whether it is fruitful to key our observations to the *assumption* that such an entity exists. However, this should not, and does not, foreclose an equally important possibility—namely, that the hypothesis that an aggregate of persons or other units behaves as a system can be tested empirically.[21] All that is intended here is a caveat against total reliance on a reality orientation in all phases of theory building. In a realm as complex as that of international relations, conceptual inventions may have to be resorted to increasingly.

Fox argues that the chief role of the social scientist or international relations theorist is to help "delimit the desirable and the possible" for the policy-maker, and he is rightly impatient with the prescriptions of those whose views of world politics are "uninformed by any tenable underlying theory." He also criticizes unwarranted application of certain social science findings, particularly those "which would work miracles if only the world would hold still long enough for reform based on those findings to take effect." Caution must be exercised lest the theorist mislead the policy-makers "by seeming to make the range of choice greater or smaller than it really is" (p. 31). In general, Fox seems to feel that the social scientist can best serve the policy-maker by applying his skills and knowledge to the clarification of the limits and potentialities of control of events and conditions through policy. Moreover, the theorist ought not to sacrifice his competence for the sake of being immediately useful and he ought to be sure he is not "willy-nilly affecting the future" in adverse ways because his theories, good and bad, become part of the political process.

No one would quarrel with the realism and restraint which predominate in Fox's analysis of this problem. Nor could one expect a

[21] Donald Campbell, "Common Fate, Similarity, and Other Indices of the Status of Aggregates of Persons as Social Entities," *Behavioral Science*, III, No. 1 (January 1958), pp. 14-25.

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more thorough elucidation of various components of the problem, given the brief space at his disposal. The topic deserves much more extensive and sustained exploration than it has received. For this writer, at least, some questions remain unanswered:

(1) *What is the price of policy-oriented research and theorizing?* It would seem as though it makes a difference in the choice of significant variables if one uses the policy focus as the point of departure for inquiry. Fox suggests that there are "wholly fixed" and "wholly uncontrollable" factors in the policy environment and that research and theory should be directed to what lies between. Why? Would it not also make sense to regard the fixed and controllable as problematical through time? The applicability and relevance of available social science theories to current policy problems can be kept separate from the advisability of using the existing policy agenda as the primary basis for limiting the scope of theoretical activity. Does a healthy reality perspective mean that the theorist must be time-bound in the way the policy-maker often must be? If today's irrelevant theory may become tomorrow's applied theory, perhaps *some* theorists should be free of the constraints which appear to follow from constant delineation of the "possible."

(2) *What is the relationship between the theories of the social scientist and the theories of the policy-maker?* A scientist may lack facts possessed by the policy-maker, he may have no theory at all to cover certain phenomena, or he may be unsure of the empirical status of a theory he does have. A good scientist will be self-conscious about these things. Doubtless most policy-makers have their own theories, implicit perhaps, and held differently. We know very little about this side of the equation. What are the consequences of hidden but opposed theories? Is a minimum degree of sophistication required of the policy-maker in order for communication to take place? Fox indicates that the diplomatist does not need theory to make use of low-level generalizations. This may depend on (a) the nature of the specific generalization or (b) the use to which it is put. Usually the policy-maker will be better stocked with lower-order descriptive generalizations than the theorist, yet in the case of explanatory generalizations the theoretical context of a particular proposition may be vitally important. Whether the average policy-maker has this awareness will depend on many factors—his training, experience, values (including occupational norms as well as shared cultural norms), and his own intellectual processes.

At any rate, there seem to be formidable cognitive barriers[22] in opera-

[22] Harold Guetzkow, "Conversion Barriers in Using the Social Sciences," *Administrative Science Quarterly*, IV, No. 1 (June 1959), pp. 68-81.

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tion, even assuming that the social scientist follows all of Fox's rules to the letter.

(3) *Should the policy-maker's role responsibilities and values inhibit the social scientist?* This is a complicated issue despite the fact that "in principle" answers come quickly to mind. Should the man of knowledge avoid embarrassing the policy-maker and is the former to be held responsible for the use *and* misuse of his findings? Is the scholar's monitoring function compatible with national security considerations, or should it be? If trial and error are part of the scientific enterprise, how can Fox's hope that social scientists will be "effective in benign ways" be implemented without crippling effects? Doubtless there are individuals for whom these are straw-man queries. Many, if the truth were known, probably still feel the tension between their commitment to truth as they see it in their capacity as social scientists, and their commitment to serving a society or some wider human grouping.

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DIVERSITY AND UNIFORMITY IN COMMUNIST BLOC POLITICS

By PAUL KECSKEMETI

Zbigniew K. Brzezinski, *The Soviet Bloc: Unity and Conflict*, Cambridge, Mass., Harvard University Press, 1960, 467 pp. $7.75.

I

EVER since the break between Belgrade and Moscow, the issue of "different roads to socialism" has been a potent irritant within the Communist bloc. The nature and development of these controversies about "diversity" and "uniformity" pose arduous analytical problems. The Western observer is likely to be baffled by this kind of debate among coalition partners. Why should the precise nature of domestic programs enter into coalition politics as a complicating factor, especially when the divergencies at issue are, in general, far from fundamental? At the governing heights, there is little controversy about basic doctrine; on this, the bloc elites seem to be in substantial agreement. When views clash and charges and countercharges are being made, it is mostly in connection with tactical and organizational matters. It is not easy to see why adherence to the same tactical and organizational pattern in domestic matters, or, conversely, the authorization of local variations in this respect, should affect relations among bloc members. Nothing like this is observed in coalition politics outside the Soviet world—not even where the coalition leader enjoys a hegemonial position as strong as Soviet Russia's in the Communist bloc.

It might be suggested that the debates about "diversity" and "uniformity" in reality reflect power struggles among bloc members, with the Soviets pressing for uniform adoption of their institutional pattern as a means of exerting a domination as complete as possible, while the weaker, peripheral members strain for some independence, some escape from central control. However, although it is obvious that policy debates of this type always have a power aspect—in part, the question is whose will shall prevail, and to what extent—this is by no means the whole story.

For one thing, the Soviets' watchword is not always "uniformity," and the call for "diversity" is not invariably voiced by the peripheral members. During the early postwar period, it was the Moscow center

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which insisted that the Soviet institutional pattern *not* be adopted in Soviet-occupied countries, and Tito was first censured by Moscow for introducing the single-party state prematurely—a point to which we shall return. And it is also apparent that the participants in the debates about "uniformity" and "diversity" seek not only to apply or resist coercion but also to convince one another, and the Party members at large, of the correctness of their position. What is at stake is not merely whose policy line will be followed, but who will be recognized as the *authentic* interpreter of Party doctrine. And questions such as this transcend power issues in a narrow sense.

We are confronted, then, with a paradoxical situation. On the one hand, fundamental agreement on basic doctrine does not seem sufficient—differences on tactical and organizational matters may overshadow it completely. On the other hand, mere co-ordination of practical policy is not enough—the theoretical justifications of the policy line must also be brought into congruence. Clearly, an understanding of the problem of "uniformity" and "diversity" can be arrived at only in terms of categories of political thought that are intrinsic to the specific Communist approach but unfamiliar to those whose political thinking is rooted in the Western tradition. Carrying out such an analysis is essential in writing the political history of the Soviet bloc.

II

In Zbigniew Brzezinski's *The Soviet Bloc*, we have the first full-length study of the development of political relations within the bloc, analyzed from the point of view of "uniformity" and "diversity." The author divides the political history of the bloc into four periods, alternately dominated by institutional and ideological diversity and uniformity. The first period, from the end of World War II to the establishment of the Cominform in 1947, was that of the "People's Democracies"; during this period, the Communists increasingly dominated the political life of the Central European and Balkan countries that had been liberated and occupied by Soviet troops, but they stopped short of adopting such essential political institutions of the Soviet system as the single-party state. The next period (1947-1953) was that of Stalinism; the Soviet Union imposed its own ideological and institutional system upon the occupied countries, and the "diversity" inherited from the first period was replaced by rigid uniformity. Stalin's death in March 1953 inaugurated another period of "diversity," culminating in the Polish and Hungarian revolutions of 1956.

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Since then, the Soviet center, under Khrushchev's leadership, has been engaged in restoring uniformity, tenaciously combating the thesis of "different roads to socialism" championed by Tito, the Poles, and the Chinese. In Brzezinski's treatment, the oscillations between diversity and uniformity provide the key to an understanding of the bloc's political history.

Brzezinski's approach has the merit of considering the issue of uniformity vs. diversity as it presented itself to the participants themselves. He tries to reconstruct the protagonists' motives from their own situation, the cross-pressures to which they were subjected. This gives his book an eminently undogmatic, realistic character. The analysis is based throughout upon extensive use of published Party records, as well as of the reminiscences and revelations of ex-Communists. Clearly, no historian can do more at the present time, confidential Party archives being inaccessible.

At any rate, the data as presented and interpreted by Brzezinski give the reader a vivid impression of the intricacy of Communist bloc politics. This is especially true of the last period, for which published material is most plentiful. The author has used his data masterfully, disentangling the real political sense from the verbiage that characterizes Party deliberations (especially if they are destined for publication).

It would be easy to be ironical, for example, about such debates as that of February 1957 on the question of whether the Soviet has a "ruling" or "directing" role within the bloc, as opposed to mere "primacy" among the bloc states or simply designation as "the first and mightiest Socialist power." Brzezinski shows, however, that these shadings were not without precise political meaning; for example, Poland would be authorized to persevere in the course adopted in 1956 or obliged to abandon it, depending on which formula was adopted. The situation within the bloc was full of ambiguity; the Soviet Union's prestige was badly shaken by the Polish and Hungarian events, and Tito, Gomulka, and the Chinese Communists were seeking to exploit the situation in order to enhance their own authority. Nevertheless, as the author shows, the trend toward "uniformity" inevitably became dominant after Khrushchev regained his prestige and freedom of maneuver in 1957-1958. In view of the extremely disappointing outcome of the experimental "thaw" of 1956 and of the flirtation with Tito, nothing else could be expected.

There is still a good deal of ambiguity in bloc politics; writing before the recent debates between Moscow and Peking, Brzezinski

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correctly stresses the seriousness of China's bid for "ideological leadership," although he predicts no total, irremediable break between the two powers. In the satellite area, at any rate, Brzezinski's analysis shows decreasing ambiguity, with Poland and Hungary being put under strong pressure to toe the line as regards farm collectivization and to efface the traces of the ideological upheavals of 1956. In this connection, he provides a good description of the retrenchment in Poland and the waning of the high hopes of 1956.

III

Brzezinski's judgment, however, seems to me less sure when he deals with the earlier periods. Thus, he attributes the first period of "diversity," immediately following the war, to initiatives taken by the Communist Party leaderships in what was to become the satellite area. He says that "after 1945 the local Communists provided the impetus for the conceptual development of the People's Democracy as a new form of state organization," Stalin's "vague remarks about the democratization of East Europe" merely amounting to a "benign shield" for the local leaders' innovating experiments (p. 26).

This assumption about the origin of the "People's Democracies" (or, rather, of the multi-party coalition regimes with assured Communist participation that were introduced in the liberated countries in 1944-1945) seems to me extremely hard to credit. The local differences emphasized by Brzezinski appear to me far less important than the identity of the basic pattern. The emergence of the same formula in country after country points to a central initiative. Had Stalin benignly permitted the local CP's to work out their strategy as they saw fit, the result certainly would have been less uniform, and, we may add, the strategies followed by most local parties would have been a good deal more radical than was actually the case. Everything in the historical traditions of communism predisposed the Party leaderships to reject the idea of participating in governmental coalitions led by non-Socialist parties (even the prewar Popular Front policy had stopped short of that). In view of this, it can hardly be doubted that only Stalin's full authority could induce the local Party leaderships to adopt the coalition concept. In any case, it is extremely improbable that Stalin left to local underlings the decision about such an important matter as an immediate, revolutionary seizure of power vs. a piecemeal procedure beginning with a lenient coalition phase. In the first place, he had to be sure that the *same* basic strategy would

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be followed everywhere; diversity in this respect would have produced chaos, depriving the Moscow center of the possibility of exercising control. Secondly, it evidently appeared essential to Stalin that the uniform strategy followed everywhere be a very moderate, nonrevolutionary one. He had important reasons for adopting such an attitude, notably foreign policy ones: it was essential to convince the Western powers, particularly the United States, that the Soviet Union no longer represented a revolutionary danger.

I tend to assume, therefore, that the "diversity" of the early postwar period was *imposed* rather than spontaneous. The "People's Democracy" concept did imply departure from the Soviet institutional pattern, but this was a temporary strategic expedient conceived and directed by the Moscow center itself. The point was not that the various national Party leaderships were authorized to "build socialism" in their own fashion, and still less that the "Socialist" order, once built up, could or would continue to display significant regional variations. On the contrary, even during the first period of "diversity," unified central direction was the decisive factor behind the façade of diversity, and that façade was bound to be torn down eventually. The drive for scrapping the various coalition regimes which began in 1947 cannot be considered an improvisation—here again we have to do with the methodical application of a preconceived policy.

Brzezinski's remark that "the founding of the Cominform was the Soviet response to the challenge presented by the phase of diversity" (p. 59) does not seem to me to strike the right note. The "diversity" characterizing the coalition period—which Stalin himself had prescribed—was no serious "challenge" to him. There was every guarantee that the coalition regimes could be replaced by single-party regimes at any time without great difficulty wherever the Soviet government could intervene directly in domestic politics (mainly through occupation controls). What happened was, rather, that "diversity" no longer served the Soviet Union's political interests after the spring of 1947, when the French and Italian Communists were ousted from their countries' governmental coalitions and the United States introduced the Marshall Plan. This was the "challenge" to which the creation of the Cominform responded—it was essentially a foreign political one.

During the first two rounds of "uniformity" vs. "diversity," those which ran their course in Stalin's lifetime, it was the Soviet Union's interest as assessed by Stalin that determined the major decisions about either type of policy. The policy of "diversity" was not forced upon

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Stalin by any particular tendencies in the Communist parties of the occupied area. And, as for the shift to uniformity, it too was dictated by reasons other than fear that diversity might get out of hand (the establishment of the Cominform antedated the climactic stage of the break with Tito). In either case, independent, relatively long-range calculations by the Moscow center played a dominant role; there is not much evidence of sudden, *ad hoc* responses to unexpected critical turns of events. (This was indeed a weakness rather than a strength of Stalin's style of policy-making: he was too firmly wedded to his middle-term or long-term diagnoses to respond promptly when events failed to correspond to his calculations. His failure to revise his policy toward Nazi Germany in time is just one glaring example of this; there were many others.)

Under Stalin's successors, on the other hand, things became rather different in this respect. Not that the first massive change-over to "diversity" after Stalin's death, the "New Course" policy of 1953, was stimulated by particularistic, centrifugal tendencies among the satellites. In this respect, the "diversity" line of 1953 did not differ much from that of 1944-1945: both were proclaimed by Moscow and imposed upon rather than clinched by the local leaders. The "New Course" decision, however, was essentially a reactive move, and a fairly uncontrolled, panicky one at that; it was mainly the sharp inflationary crisis, brought about by the excesses of Stalinist investment and collectivization policies, that frightened Stalin's successors and induced them to make a sudden change, relaxing the old regime's policies and thereby considerably diluting "uniformity." A later wave of "diversity" (Khrushchev's "thaw" policy, culminating in the de-Stalinization drive of 1956) got under way in a less panicky, more deliberate fashion, but it too was determined essentially by short-range considerations, both domestic and international. In particular, Khrushchev seems to have decided to encourage local variety in the bloc mainly in order to heal the rift with Yugoslavia and to impress the uncommitted powers. The long-range, strategic implications of this concept, however, were not worked out in advance; it was left open how far "diversity" would be allowed to go, with the result that the bloc's cohesion was very severely strained. And it was the same with the retrenchment following the critical events of 1956: Moscow merely moved to repair the damage, leaving open the question of the basis on which the situation would finally be stabilized. Hence the ambiguities, referred to above, which have been so characteristic of bloc politics since 1957.

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IV

Yet, even during the post-Stalin period, there was little doubt that diversity would never be allowed to go beyond certain fairly narrow limits. Diversity and uniformity never had equal standing in Communist bloc politics. Under Stalin, as well as since his death, "diversifying" policies were occasionally adopted to deal with contingent, temporary situations, but the fundamental, constant nature of the Communist political system expressed itself in the inevitable returns to uniformity. Tactics and institutions could be allowed to develop along divergent lines in various parts of the bloc, but only to the extent that this was compatible with the maintenance of ideological unity. On the latter point, there could be no compromise. The policy of "diversity" never implied the encouragement or even the toleration of ideological variations within the Party. Even for the exponents of the idea of "different roads to socialism," unity about basic ideology was essential. The "diversifiers" did not argue that disagreement about essential ideological matters within the movement was a healthy or even a tolerable state of affairs. What they maintained was that their line was perfectly sound Marxism-Leninism and that indeed all others could and should agree with *them*. Neither Tito, nor Gomulka, nor Nagy ever claimed a right to preach heresy; they insisted, rather, that it was their *opponents* who had departed from a correct understanding of Marxism-Leninism (about which, of course, there could be no diversity of opinion). And as for the "unifiers," their chief argument was that institutional or tactical diversity could not be long maintained without endangering ideological unity. "Theory" and "practice" being one, practice had to be made congruent throughout the bloc sooner or later, or ideological unity would become a sham.

Ideological unity, a fundamental requirement for all sides in intra-Party debates, means much more than academic agreement on hallowed abstract formulas; there must also be a meeting of minds on *what* the correct line of action is, and *why* that line is correct. This does leave some narrow leeway for regional diversity of action: the one correct theory may specify permissible tactical variations depending on local conditions. But if it is correct to permit such diversities, all must agree that this is so. The constraint of ideological unity means that there can be no agreement to disagree within the movement as a permanently acknowledged condition. If there is disagreement, it must be settled by debate. Hence the extraordinary impor-

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tance of debate in Party politics (including bloc politics): it cannot be admitted that insiders can think differently on basic political matters. Even defendants in political trials must be brought to subscribe to the correctness of the formula on the basis of which they are doomed.

How can this insistence upon theoretical, ideological agreement be explained? Are the Party's policy-makers and activists not political realists first and foremost, keeping their eye firmly on their power objectives, and ever ready to twist the ideological tradition to the power needs of the moment? This is no doubt the case, but preoccupation with the ideological justification of power-oriented action is still a constant and characteristic aspect of the Communist style of politics. The crux of the interpretation of Communist policy-making is to show how the apparatus members can be genuinely realistic and ideology-oriented at the same time, or, in other words, how ideological matters enter into the power process.

Brzezinski, with his ability to see bloc policies from the participants' own perspective, affords a valuable insight into this aspect of the problem. The last chapter of his book deals with "Ideology and Power"; "ideology" here is firmly treated as an integral part of the policy-making process. According to the author, Communist policy cannot be properly analyzed in terms of "mere" power. One has to explain it, in part, with reference to "ideology," both as it defines the ends of political action and as it characterizes and evaluates social reality as the framework within which political action takes place. The Communist power-holders never lose sight of the ideological aspect of policy.

V

Being "realists," the Communist policy-makers would not manifest this intense preoccupation with ideological matters if these were not relevant to the power process. But the question is in what this relevance consists. Do the Communist rulers use "ideology" mainly as a storehouse of practical precepts for action? Or are "ideological" analyses indispensable to them in choosing between policy objectives? The Marxist doctrine as laid down in the classics and subsequently elaborated may indeed serve such purposes at times. But the main function of "ideological" thinking in policy determination does not seem to me to lie in this. Indeed, it is far too common for Communist policy-makers to treat the ideological tradition with extreme high-handedness, to twist it around completely for the sake of present

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needs. We cannot consider the ideology as something given, and present policy as being essentially dependent on that fixed ideology. On the other hand, Party decisions are invariably presented *as if* they were dictated by scrupulous observance of such a given, fixed, constant doctrine. It seems to be a rule of Communist policy-making that whatever is being decided must be shown to correspond to some tenet of the accepted Party doctrine. And this rule indeed seems to satisfy an important need: the Party's claim to *legitimacy* of rule could not be supported if the correctness of its decisions could be debated without reference to the ideological tradition.

The Communist movement bases its claim to direct society upon the thesis that it, and it alone, possesses a scientific understanding of social and historical reality. "Scientific" knowledge is taken here to include not only the correct grasp of the facts and laws of nature, but also the correct determination of human and societal values. The Party defines politics as the science of the transformation of society in keeping with the fundamental laws of history and society. Its decisions are valid because they are scientific; its rule is legitimate because it is based upon knowledge of what is real and socially valuable.

In order to maintain this claim, however, the Party must establish unanimity about the right line of action. If there is disagreement within the Party, it must be established which of the contending views is the scientifically correct one, and the verdict must be accepted by all members. It is clear that the methods of critique and verification current in present-day empirical sciences cannot be used in this connection, since the questions to be settled do not lend themselves to empirical investigation. On the other hand, decision by a majority vote is not a suitable method for settling differences either, because a pure majority decision enables dissenters to submit but reserve a contrary opinion. A majority decision, therefore, can constitute only one part of the consensus-making process; in addition, the defeated minority must assimilate and assent to the grounds for the decision. To this end, the use of various persuasive techniques—notably including moral pressure, possibly going to terroristic extremes—is necessary. Thus, in practice, the principle of "scientific" decision-making leads to an unregulated power struggle, a contest of wills. But the Party cannot do without this mechanism for establishing unanimity, because the coexistence of acknowledged differences of view would critically weaken its cohesion and hence its power position within the society. Given several equally "scientific" basic

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conceptions, one can choose among them—if a choice must be made without delay—only in terms of standards *outside* the "science" of Marxism-Leninism. The Party, however, cannot permit this without giving up its claim to legitimate authority.

The debates about "diversity" and "uniformity" in the Soviet bloc seem to me to be influenced by this constraint of ideological consensus. Of course, political relations within the bloc also are subject to numerous other constraints, including pressures from the surrounding society upon the Party elite, on the one hand, and international power relations, on the other. Any full discussion of Soviet bloc politics must take all these dimensions of the political process into account. Professor Brzezinski has done extremely valuable work in elucidating the interrelations of the various principal aspects of Soviet bloc politics. While I think he failed to do full justice to the impact of East-West relations upon the internal history of the bloc, his treatment of the *internal* factors shaping relations among the bloc members seems to me both comprehensive and penetrating, giving due weight both to the practical power aims of the Communist power-holders and their ideological preoccupations.

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OUTER SPACE AND EARTHBOUND POLITICS

By ARNOLD L. HORELICK

Philip C. Jessup and Howard J. Taubenfeld, *Controls for Outer Space and the Antarctic Analogy*, New York, Columbia University Press, 1959, 379 pp. $6.00.

THE heavily instrumented payload carried by Lunik II, the Soviet space probe that impacted the moon on September 14, 1959, included at least one item of dubious scientific value: a metal pennant bearing the coat of arms of the Soviet Union and the inscription, "USSR—September 1959." According to TASS, special measures had been taken by Soviet designers to ensure that the pennant would survive the collision. Khrushchev, whose arrival in the United States coincided with this Soviet space venture, hastened to reassure American newspapermen that the USSR had no intention of claiming the moon as the sixteenth Soviet socialist republic; but one is entitled to wonder whether he had perhaps not decided to hedge this magnanimous disclaimer a bit by planting material evidence of initial Soviet discovery on the moon, just as the explorers of old planted the royal emblem on uncharted lands to symbolize possession.[1]

This speculation is prompted by reflection on fresh evidence of the discontinuity between science and politics, in this case occasioned by man's penetration of outer space. For it is apparent that while man has succeeded in imparting escape velocities to objects he has catapulted into outer space, the political concepts he carries into the Space Age remain firmly anchored to the ground. The thesis of the book under review is that traditional approaches to controlling the activities of states in terrestrial regions of uncertain or disputed sovereignty are inadequate to cope with the problems that arise from man's mastery of outer space; the occasion for a fresh approach has arrived (p. 282). Professors Jessup and Taubenfeld believe that the alternative to chaos in outer space is a comprehensive system of international controls, preferably direct international "ownership" and

[1] The planting of metal plates bearing the national coat of arms to symbolize possession is a distinctively Russian practice. Such plates were buried by Russian explorers in the Aleutian Islands and the Alaskan coast. See Oscar Schachter, "Who Owns the Universe?" reprinted in *Space Law: A Symposium Prepared by the Special Committee on Space and Astronautics*, U.S. Senate, 85th Congress, 2nd Session, Washington, D.C., 1958, p. 9.

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administration of outer space and of all human activities conducted therein.

I

Controls for Outer Space and the Antarctic Analogy is the first volume in a projected series of Columbia University Studies in International Organization, of which Professor Jessup and Leland M. Goodrich are joint editors. It is not intended as a broad analysis of the international implications of outer space *per se* (indeed, space problems are specifically dealt with only in Part III of this three-part book), but essentially as a technical study to "clarify the potentials and limitations of the various alternative types of international agreements which could be negotiated to serve the purpose . . . [of confining] the use of outer space to peaceful purposes" (p. 5).[2] This focus on international organization accounts for the remarkably broad sweep of the book, which brings to bear on the ultimate problem of space controls a wide-ranging selection of precedents from international cooperative experience on earth. It accounts as well as for the limitations of its treatment of some immediate and short-term problems connected with outer space activities which arise from their interaction with related and distinctly nonco-operative terrestrial activities.

Part I, comprising almost one-half of the book, is given over to a detailed and informed survey of the history of shared controls of political administration (e.g., the condominium, joint belligerency occupations, the Spitzbergen case); a review of the role of the League of Nations and the United Nations in establishing institutions for international administration (e.g., Danzig and the Saar, Trieste and Jerusalem); and an account of the experience of international functional organizations, such as the International Telecommunications Union and the World Meteorological Organization. With the exception of the functional organizations, some of which are already operating in the space field, the relevance to outer space of these previous experiments in international control—for the most part, ill-fated ones—is not always clear. They seem to serve primarily as illustrations of approaches deemed unlikely to succeed.

The Antarctic experience, dealt with extensively in Part II, is more to the point. Shortly after publication of *Controls for Outer*

[2] For an extensive examination of some of the possible international implications of outer space during the next twenty-five years, see Klaus Knorr, "On the International Implications of Outer Space," *World Politics*, XII, No. 4 (July 1960), pp. 564-84. See also Joseph M. Goldsen, *International Political Implications of Activities in Outer Space: A Report of a Conference*, The RAND Corporation, Report R-362-RC, May 5, 1960.

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Space, negotiations between representatives of the twelve nations which participated in the Antarctic IGY program, including both the United States and the USSR, culminated in a treaty providing for a thirty-year freeze of all territorial claims advanced in that vast, uncharted region; free access for all nations desiring to conduct scientific exploration; and the prohibition of all military activity, subject to unrestricted mutual inspection. It has since been suggested that the Antarctic Treaty provides a hopeful precedent for outer space. However, the great disparity between most current estimates of the military potential and prestige value of outer space, as compared with Antarctic activities, leaves little room for optimism. Particularly questionable is the usefulness of the Antarctic analogy for an inspection system to safeguard demilitarization: in the Antarctic case the necessary inspection can apparently be conducted on the continent itself. Given present technological capabilities, the demilitarization of outer space could be reliably safeguarded only by on-site inspection of payloads launched from the territories of participating states.

II

Both the United States and the Soviet Union, in various official pronouncements, have agreed in principle that the use of outer space should be confined to peaceful purposes. Agreements in principle between antagonistic states on the desirability of peace on *earth* are obscure enough; in outer space, where phenomena of scientific interest previously concealed by the earth's dense atmosphere are now being observed more clearly, the meaning of such political generalities becomes even more obscure. Despite the persistent efforts of "space lawyers," there is as yet no internationally recognized altitude-boundary separating "air space," which is subject to the sovereignty of underlying states, from "outer space," whose legal status remains to be determined, but in which, the states have agreed, "non-peaceful" activities should somehow be prohibited. Legal writers have proposed a bewildering number of altitude-boundaries, ranging from as low as thirty to as high as 160,000 miles, often based on supposed geophysical and astronomical constants (which, it turns out, are constantly being changed by new information acquired through space exploration). Much of the legal writing on outer space has been preoccupied with the elusive boundary question. Fortunately, this is not true of *Controls for Outer Space*. In a dozen succinctly written pages, the authors survey the most prominent of the proposed legal solutions, judiciously refrain from expressing a preference, and conclude with the emi-

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nently reasonable assumption that "at some point there is a limit to the extension of terrestrial sovereignties and that in due course practical international necessities [will] lead to its definition" (p. 209). The fixing of an altitude-boundary (or boundaries) will require a political agreement by the states concerned and is not likely to be reached unless there is a prior agreement on the specific higher altitude activities that are to be sanctioned by international law.

Another complication is inherent in the nature of space technology. The technologies required for both "peaceful" and "non-peaceful" uses of outer space are essentially the same. Basic to all applications is a device for propelling objects beyond the earth's enveloping atmosphere—the rocket booster. The character of the payload carried by the rocket and the flight path programed for it determine its specific application. Khrushchev, boasting in November 1957 that the USSR could launch as many satellites as it wished, was essentially correct when he said, "It is only necessary to replace the hydrogen warhead [of an ICBM] with the necessary apparatus."[3] Moreover, as the authors point out, "In outer space the most peaceful uses may be suffused with military potentials" (p. 223). Satellites equipped for map-making, weather-forecasting, and other beneficial purposes will as a matter of course provide information of some military value. If the exploration and exploitation of outer space are to be carried out, it is necessary to face the fact that the required technological advances will inevitably produce machinery with potential military applications.

The dependence of civil and military uses on a common technological base is related to the broader question of how to distinguish between "peaceful" and "non-peaceful" uses of outer space. Does "peaceful" mean "non-aggressive," "non-military," "stabilizing," or something else? In international law generally, and particularly in the sense of the United Nations Charter, "peaceful" has been employed in contradistinction to "aggressive," but in other contexts, as in the agreement creating the International Atomic Energy Agency, it has been used to signify "non-military."[4] With the advent of nuclear weapons and the rise of theories of deterrence, men's ideas about what is required to preserve the peace have undergone radical change. Technical distinctions between offensive and defensive, active and passive weapons have lost most of their former significance. The

[3] *Pravda*, November 19, 1957.

[4] See American Bar Association, Section of International and Comparative Law, *1959 Proceedings*, Chicago, American Bar Center, 1960, p. 219.

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most highly destructive offensive weapon systems provide the backbone for deterrent postures. Conversely, a defensive weapon, such as the anti-ICBM, if possessed by only one side, could destabilize the strategic balance and cause deterrence to fail. All this suggests that so long as there is no firmer basis for peace than the balance of terror, states will define the "peaceful" uses of outer space according to their own strategic concepts and requirements.[5]

There is no blinking the fact that the problem of ensuring that the use of outer space is confined to peaceful purposes is part of the broader down-to-earth problem of disarmament. A decision to internationalize outer space would therefore seem to presuppose either an extensive arms control agreement embracing both terrestrial and space weapons, or a determination by the great powers that the two problems can be dealt with separately after all. Since the purpose of *Controls for Outer Space* is to set forth various alternative types of international systems for administering outer space, the authors, although they do not ignore the disarmament aspect of space control, are obliged to proceed on the assumption that this obstacle can be overcome: "Writing in 1959 on any international problem the unofficial author is bound to remind the reader of the inescapable influence of [military] dangers real or assumed. He is then entitled to discuss problems which will be faced if the dangers are averted" (p. 225).

Regarding the prospects for a separate agreement to demilitarize outer space, the authors speculate that neither Soviet nor American leaders yet believe that a permanent advantage in the space competition has been gained by either side. This may be true, but the Soviet leaders have exerted much effort to create the opposite impression. Their claims to Soviet space, and particularly missile, superiority have been persistent, and the success of their political strategy depends heavily on their ability to make these claims credible. An agreement to ban missiles, apart from other strategic delivery systems, would cancel out these claims and might undermine the basis of current Soviet foreign policy. The USSR has consistently opposed all attempts to treat "space disarmament" as a separate issue. President Eisen-

[5] For example, in a recent Soviet article on the legal problems of outer space, the United States was attacked for seeking, by means of the Discoverer program, to create evidence of "customary norms of law" that would sanction the use of "provocative" and "aggressive" reconnaissance satellites; five pages later, the United States was condemned for attempting to exploit the agreement in principle that outer space should be confined to peaceful uses in the interests of securing a ban on rocket weapons, "which are a main element in the *defensive* system of the Soviet Union." (F. N. Kovalev, I. I. Cheprov, "On Working out the Legal Problems of Outer Space," *Sovetskoe Gosudarstvo i Pravo*, No. 7, July 1960, pp. 132 and 137.)

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hower's January 1957 announcement, nine months before Sputnik I, that the United States was prepared to enter into "any reliable agreement which would . . . mutually control outer space missile and satellite development" was ignored by the Russians, as were related United States proposals placed before the United Nations and the London Disarmament Conference in 1957. The USSR made no space control proposals of its own until after the first two sputniks had been launched. In March 1958 the Soviet Union demanded the elimination of all foreign (i.e., United States) military bases on the territories of other states as its price for an agreement to bring outer space activities under international control. This demand predated by more than nine months Khrushchev's first claim that "serial production" of ICBM's had been organized in the USSR (January 27, 1959). In its general disarmament proposals of 1959 and 1960, the Soviet Union linked elimination of ICBM's to the scrapping of all strategic delivery systems, *plus* the dismantling of overseas military bases. It has ignored recent United States proposals for joint studies on a peripheral "space disarmament" measure which would bypass the ICBM—namely, an agreement that no nation shall place into orbit or station in outer space weapons of mass destruction. Nor is it likely that the USSR would agree to any limited arms control measure involving on-site inspection of rocket-launching facilities.

III

It is apparent that so long as the disarmament deadlock persists some sensitive outer-space activities will of necessity remain subject to strictly national controls. But despite the overlap of civil and military space technologies and applications, there is a large area at the less controversial "peaceful" end of the "peaceful-nonpeaceful" spectrum of space activities that is susceptible to regulation on a co-operative basis. The space powers may find they have a common interest in co-operative measures that would facilitate the orderly implementation of their respective national space programs. The space activities of the United States and the USSR have already raised some technical problems that will require international solutions if progress is to be assured for either country. For example, the limited availability of radio frequencies makes necessary their allocation on an agreed basis if interference among transmissions is to be avoided. It may also be necessary to provide for the termination of transmissions from space vehicles that have fulfilled their missions and for the removal of

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"spent satellites" whose continued flight beyond the period of their operational usefulness might strain the capacity of ground tracking networks. The U.N. Ad Hoc Committee on the Peaceful Uses of Outer Space drew up a series of international agreements of this type which might be negotiated in the common interest of all nations.[6] The committee, in its July 1959 report to the General Assembly, also identified a number of important scientific projects, such as simultaneous launchings of sounding rockets, which require joint planning and effort. There is much that can and needs to be done co-operatively in the space field.

How far the Soviet Union is prepared to go on a co-operative basis in space remains to be seen. Soviet behavior has thus far been erratic. During the IGY the Russians placed a narrow interpretation on the obligation of the satellite-launching countries to provide data to facilitate world-wide optical and radio tracking. They released considerably less information than did the United States. In October 1958, shortly before the end of the IGY, Soviet scientists participated in the formation of the Committee on Space Research (COSPAR), a non-governmental international scientific organization created to carry on some of the IGY activities, but in May 1959 they boycotted the organization when their demands for Soviet bloc "parity" in voting power were rejected. In January 1960 they resumed participation in COSPAR after a compromise agreement was worked out on voting power. Similarly, in the United Nations the Soviet Union boycotted the Ad Hoc Space Committee created in December 1958, but became a member of the new U.N. Space Committee which replaced it a year later as the result of an East-West compromise on the membership question. In both COSPAR and the U.N. committee, the USSR succeeded in increasing the relative weight of the Soviet bloc, although it did not achieve complete "parity."

It is likely that Soviet leaders see in international space co-operation an opportunity for enhancing world-wide Soviet scientific prestige and influence. For the first time, they can now compete on highly favorable terms for positions of leadership in international science. They may eventually be willing to pay the price of reducing somewhat the secrecy that now surrounds their outer space activities. Hope for expanding the area of international space co-operation in the future rests heavily on just such a development.

[6] See U.N. Document No. A/4141, July 14, 1959. The U.N. report is summarized in *Controls for Outer Space* on pp. 259-64.

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A CRITIQUE OF U.S. COMMERCIAL POLICY

By IMANUEL WEXLER

Peter B. Kenen, *Giant Among Nations: Problems in United States Foreign Economic Policy*, New York, Harcourt, Brace and Company, 1960, 232 pp. $5.00.

A DISTINCTION is commonly made, among economists, between "theory" and "policy." Yet a clear-cut separation of the two is neither always possible nor necessarily desirable. As its sub-title indicates, the volume under review addresses itself to matters of policy. Happily, its author does not hesitate to incorporate theoretical principles into his argumentations and policy recommendations. Herein lies one of the book's major virtues: it combines professional competence with clarity of exposition. As such, it can be read, understood, and appreciated by the trained economist and the layman alike.

I

A country whose foreign trade represents a relatively small portion of its national income may be forgiven if it relegates to secondary importance questions of commercial policy. Not so, however, if at the same time that nation happens to be the world's largest trader as well as the recognized leader of several political and military alliances. Rank, it is said, imposes obligations. And it is only at the risk of undermining its own strength and that of the free world that the United States can ignore the obligations—political *and* economic—which are conferred by its position. But, quite apart from these considerations, there is another reason which underlies the need for greater preoccupation with commercial policy. Economic welfare and growth, as well as the added burden of defense, require the most efficient use of available resources. No country—not even the United States—must overlook the contributions which international trade can make to that end. Kenen is therefore correct in starting his discussion from the premise that "American policy in the next decade must take every advantage of the opportunities for specialization that foreign trade and investment offer" (p. 2).

The above statement implies criticism of past performance. Kenen contends that American commercial policy has suffered from a basic

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error of judgment; it has always emphasized expansion of exports instead of imports. This is a valid criticism. Economic well-being must ultimately be measured by the amount and variety of goods and services which the consumer has at his disposal. Considered in this light, exports serve primarily as the means for acquiring imports which, in turn, widen the scope of the consumer's choice. American policy, however, "views the individual as a producer and eyes every import, but especially an import competitive with an American product, as a threat to American labor and capital. We stress the particular interest—that of the producer—rather than the general interest—that of the consumer" (p. 4).

This theme underlies two important chapters in which the author traces analytically the development of American trade and tariff policy. Here, for example, one finds a thorough account of the Trade Agreement Program, its merits, drawbacks, and implications. The Reciprocal Trade Agreement Act, under which the President is empowered to negotiate and exchange tariff concessions with foreign countries, has been hailed by many as a great victory over protectionism. Yet even it, according to Kenen, has been made to serve American "particularism" (his word, meaning preoccupation with the immediate circumstances of the producer). "We make concessions," he says, "to break down foreign trade barriers, not to provide the American consumer with cheaper goods and a wider choice" (p. 57). Kenen makes extensive use of public records to show that, as an instrument of liberal trade policy, the Trade Agreement Program has been rendered ineffectual by amendments and qualifications introduced at the insistence of various pressure groups. He is particularly critical of the escape clause provision, under which tariff concessions may be withdrawn if local producers claim injury—absolute or relative—as a result of increased foreign competition. It might be added that such claims —often couched in non-economic terms—have become especially vociferous in the last few years. Technological advances in Europe and elsewhere seem to have spread great alarm among American producers; and the recent establishment of the European Common Market has only added fuel to the fire.

It must be stressed, however, that the technological ascendancy of Europe is by no means clear-cut; nor does it exist in all product lines. But, even if competition threatens, the classical remedy is still applicable: adjustments and reallocation of resources along lines of new comparative advantage. Thus the author is again on solid ground in suggesting that "the escape clause should be re-written to en-

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courage movement of labor and capital from vulnerable industries to strong ones" (p. 71). More specifically, ". . . a finding of injury might authorize compensation to the workers and companies involved . . . ," and the government "would help unemployed workers to find jobs in other industries or other parts of the country . . . [and] would provide vocational training and pay moving costs" (p. 71). Unfortunately, this is more easily postulated than accomplished. Quite apart from the legislative difficulties inherent in adopting such a program, another serious problem arises—i.e., how to overcome the geographical (and occupational) rigidity of labor. Several experiences of the European Coal and Steel Community attest to the fact that even when appropriate provisions for aid exist, the movement of labor from one locality (or industry) to another is not easily achieved.[1]

These misgivings do not detract, however, from the soundness of Kenen's arguments. Quite the reverse. This reviewer finds himself in complete agreement with the author's proposition that if we are to reap the benefits of free trade and meet challenges which new international developments pose, our commercial policy must undergo severe revisions. One starting point may well be a re-evaluation of the Trade Agreement Program, with special emphasis on the escape clause policy.

II

Kenen also probes into the international economic implications of the farm problem, and relates that discussion to the problem of commodity price stabilization. With respect to the farm problem, the main issue lies in the impact of domestic farm-support programs on the conduct of American commercial policy. Under the present program, farm prices are supported (at or near parity) in an indirect manner. The Commodity Credit Corporation lends money to the farmer, who pledges his crop as collateral. If market prices are below support prices when he is ready to sell his crop, the farmer can give it to the CCC in repayment of his loan. Crops are accepted, of course, at the official support price.

Unlimited entry of farm products from abroad would tend to depress domestic prices, thus widening the gap between the support and free market prices. The CCC would then be faced with increased expenditures and an aggravated storage problem. Consequently, the United States restricts the importation of several farm products

[1] For a case in point, see International Labor Organization, *Social Aspects of European Economic Cooperation: Report by a Group of Experts*, Geneva, 1956, p. 58.

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(those covered by the price-support program) through the use of quotas. At the same time, the government sells part of the farm surplus to other countries at prices below domestic support levels.[2] It is a known fact that this combination of import quotas and export subsidies has angered friendly nations and often embarrassed the United States at GATT meetings. In addition, Kenen notes several *economic* disadvantages inherent in such a policy. As a way out, he favors a revival of the Brannan Plan, under which market prices are allowed to fall until supply equals demand, while the farmer is compensated directly with cash subsidies.

There are some merits to this suggestion. In the first place, consumers would benefit from lower prices for farm products. Secondly, the storage problem would be minimized or altogether eliminated. Finally, agricultural imports could be tolerated more easily, and export subsidies could be abandoned (pp. 80-81). Yet it is by no means certain that the use of direct cash subsidies in lieu of crop loans would, as Kenen maintains, reduce outlays for the government.[3] Nor is this reviewer satisfied that such a program would eliminate the difficulties experienced by other agricultural countries as a result of current American policies. For instance, suppose that, following adoption of the Brannan Plan, agricultural production in the United States greatly increased. This would have the effect of lowering not only domestic farm prices but also those on the world market. Since price-elasticity of demand for staple agricultural products is relatively low, a drop in price may not compensate the producer by increasing his total sales revenue; in fact, the opposite is more likely to happen. The American farmer, however, need not worry, because under the Plan his income would be maintained by direct cash subsidies. But the export incomes of other agricultural countries, *even if they could sell in the United States*, might fall.

Kenen's failure to consider this possibility is especially surprising in view of the fact that he regards periodic lack of foreign exchange—

[2] In addition to subsidizing dollar sales, the government is authorized (under Public Law 480) to sell farm commodities abroad for foreign currencies.

[3] Disregarding storage costs, the difference in cost between the storage loan program and the direct cash subsidies plan lies in the elasticity of consumer demand for a particular commodity. If demand is elastic, all other things being equal, the storage loan program will involve greater expenditures than direct cash subsidies. Conversely, if demand is inelastic, cash subsidies will result in larger expenditures. Since demand for farm products is generally inelastic, it is conceivable that the direct cash subsidies required to maintain a certain level of farm income might be larger than the direct *plus* storage costs of a storage loan plan aiming at the maintenance of the same level of support.

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owing to fluctuations of export earnings—as one of the major factors contributing to instability of world trade. He is more thorough, however, when specifically discussing the problem of commodity price stabilization. Here the issue concerns the effects, on world trade and economic development, of price fluctuations characteristic of primary products. Countries which rely on the exportation of such items must cut their imports whenever their export incomes fall, or else be faced with a balance-of-payments deficit. Being of the opinion—and it is a sound one—that neither of these outcomes is particularly desirable, Kenen examines the role of the International Monetary Fund as a source of relief for countries suffering from balance-of-payments difficulties. And having noted both the merits and shortcomings of the Fund, he calls for additional measures to stabilize the export incomes of countries vulnerable to commodity price changes. He is somewhat skeptical of existing international commodity agreements, since they are basically price-stabilization schemes and therefore subject to certain inherent flaws. In their place, he proposes a "new approach—one that focuses upon income rather than price" (p. 103).

The essence of his plan is refreshingly simple. Under it, consumers and producers[4] would indemnify each other for a fall (or rise) in current prices as compared with some agreed-upon reference price. One basic economic advantage of this plan is that it does not peg market prices, thus allowing supply and demand to guide production and resource allocation. This in itself provides a powerful argument in its favor. Moreover, its emphasis on income stabilization seems to answer the *real* trading need of primary-producing countries—stability of *total* export earnings rather than of individual export prices. Meticulous readers will undoubtedly find Kenen's presentation and discussion of the scheme too brief. Yet it is to his credit that he merely presents a bare frame of reference instead of elaborating in great detail, for to establish rigidly defined programs (or institutions) for international economic co-operation is often to defeat their purpose. What is needed is a kind of flexibility that would allow such programs to adapt themselves to changing circumstances. And nowhere is this more essential than in the case of programs dealing with agriculture and other primary products.

[4] By "consumers" and "producers" Kenen actually means consuming and producing countries. In fact, he considers it as one of the advantages of his scheme that governments, and not individuals, would compensate each other directly.

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III

Kenen's book pays particular attention to what may well be the major problem of American policy in the next decade or two: the provision of capital and technical assistance to underdeveloped countries. That he himself subscribes to this view is evidenced, first of all, by the generous space (four chapters) which he devotes to its exposition. The role of capital in the process of economic development need not be discussed here. Nor is it necessary to argue the obvious fact that the underdeveloped countries cannot finance their development efforts without assistance from abroad. For the benefit of those who are unfamiliar with economics of development, Kenen provides an excellent summary of the issues and problems involved (pp. 105-13). And to those who might question *our* responsibility in the matter, he directs a warning as to the political and economic consequences that may ensue if the West fails to come through with aid.

He is mainly concerned, however, with the ways and means by which capital can be transmitted from developed to underdeveloped areas. This raises a number of questions: How much savings in the developed nations should be allocated for foreign investment? How is capital to be raised in the lending countries? Through what institutions, and under what terms, should funds be transmitted? What criteria should be used to determine the eligibility and/or need of borrowing countries? How much reliance could be placed on private as opposed to public investment? Admittedly, none of these questions can be answered on *a priori* grounds. Nor does the author claim to have treated all of them adequately. Yet his discussion of past and present experience in this field suggests what could be avoided and what might be attempted in the future.

Of one thing there is no doubt in Kenen's mind. Direct private foreign investment (in search of raw materials, etc.) cannot be expected to meet the needs of general economic development (basic facilities, etc.). What is needed is a program whereby private capital and public funds can be made available for public purposes in the underdeveloped countries (p. 129). In developing this theme, Kenen describes and critically examines existing institutions for the mobilization of development funds—the International Bank for Reconstruction and Development, the International Finance Corporation, and the Export-Import Bank. Of these, the first two raise most of the money they lend in the private money markets, while the Export-Import Bank obtains *its* funds by borrowing from the U.S. Treasury. How-

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ever, being basically banks, all three share one drawback insofar as underdeveloped countries are concerned: "They lend for specific purposes, and generally focus upon the direct import cost of the projects they approve. They rarely gear loans to the over-all exchange deficit of a developing country" (p. 135). Moreover, they do not lend easily; their terms are exacting, and they all demand repayment in hard currency. This is understandable. Yet the use of the so-called "repayment capacity" as a criterion for borrowing eligibility often hampers development efforts. For a country's ability to service debt (especially in dollars) may be (and usually is) smaller than its capacity to absorb capital effectively. Conscientious students of economic development must, therefore, agree with Kenen that while the funds and operations of the above institutions could be advantageously expanded, they must be supplemented by "outright development assistance—foreign aid or long-term, low-interest loans" (p. 146).

Kenen's treatment of foreign aid operations constitutes one of the book's high points. From Lend-Lease to the present, he traces the changes that have occurred in the character and composition of American foreign aid. He deploys a great deal of data, showing the magnitudes, destinations, and functional distribution of the various assistance programs. Moreover, his survey examines the attitudes, reasonings, and compromises that helped shape these programs. Of major significance are his recommendations with respect to foreign aid in general and development assistance in particular. He calls for reforms in management, "because foreign assistance is now disbursed by too many agencies, each jealous of its prerogatives and squabbling with others" (p. 179). He argues for a re-examination of the size of the program and the criteria for allocating development funds. His suggestion for greater use of grants (rather than loans) demonstrates sound judgment as well as straightforwardness. Such an approach would have two main advantages: (1) aid could be extended to countries (or projects) which do not qualify for bankable loans; and (2) the problem of loans repayable in local currencies could be avoided.[5] It is, therefore, worth taking special note of his advice: "We should make hard loans—repayable in dollars—to the limits of repayment capacity, and give grants for development from the limits of repayment capacity to the limits of absorptive capacity" (p. 193). Perhaps

[5] Loans from the Development Loan Fund are repayable in foreign currency. This poses a twofold problem: the assets of the DLF cannot revolve, and the accumulation of large holdings of foreign currencies proves an embarrassing political burden for the United States.

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the only flaw in this advice lies in the difficulty of measuring (over a period of time) either "repayment capacity" or "absorptive capacity," and especially the limits thereof. Kenen is not much more successful than others in his attempt to define these concepts statistically. His efforts, however, serve to confirm the need for additional research in this area.

Last, but not least, Kenen proposes that "we should internationalize American aid, channeling our loans and grants through a world development agency" (p. 197). He is not the first to advocate such a course of action. Similar proposals—aiming at a wider participation in the efforts to aid economic development—have been put forward in the last few years. Yet the uniqueness of Kenen's proposal lies in the clear and persuasive manner in which it is expounded, just as the uniqueness and primary value of this book, as a contribution to economic literature, lie in the clarity with which it presents complicated issues to the professional and non-professional audience.

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